

**ÜLKER BİSKÜVİ SANAYİ A.Ş.  
AND ITS SUBSIDIARIES**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

*(ORIGINALLY ISSUED IN TURKISH)*



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Ülker Bisküvi Sanayi A.Ş.;

*Introduction*

1. We have audited the accompanying consolidated balance sheet of Ülker Bisküvi Sanayi A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group") as at 31 December 2013 and the related consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

*Management's responsibility for the financial statements*

2. Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to error and/or fraud.

*Independent auditor's responsibility*

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error and/or fraud. In making those risk assessments; the Group's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design procedures that are appropriate for the circumstances in order to identify the relation between the consolidated financial statements prepared by the Group and its internal control system. An audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Group's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.



### *Opinion*

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Ülker Bisküvi Sanayi A.Ş. and its Subsidiaries as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards (Note 2).

### *Reports on independent auditor's responsibilities arising from other regulatory requirements*

5. In accordance with Article 402 of the Turkish Commercial Code ("TCC"); the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit, additionally, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2013 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
6. Pursuant to Article 378 of Turkish Commercial Code no. 6102, Board of Directors of publicly traded companies are required to form an expert committee, and to run and to develop the necessary system for the purposes of: early identification of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks. According to subparagraph 4, Article 398 of the code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by the POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include evaluating the operational efficiency and adequacy of the operations carried out by the management of the Company in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report yet so no separate report has been drawn up relating to it. On the other hand, the Company formed the mentioned committee on 21 August 2009 and it is comprised of two members.

The committee has met one time during the year for the purposes of early identification of risks that jeopardize the existence of the company and its development, applying the necessary measures and remedies in this regard, and managing the risks, and has submitted the relevant reports to the Board of Directors.



*Other matter*

7. The consolidated financial statements of the Group as of 31 December 2012 and for the year then ended were audited by another audit firm whose audit report dated 6 March 2013 expressed an unqualified opinion.

Başaran Nas Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
a member of  
PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Mert Tüten', is written over a faint, stylized graphic element that resembles a signature or a logo.

Mert Tüten, SMMM  
Partner

Istanbul, 5 March 2014

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH  
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH  
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

ASSETS	Notes	Audited Current Year 2013	Reclassified (*) Audited Previous Year 2012
<b>Current Assets</b>		<b>2.128.504.531</b>	<b>2.258.514.250</b>
Cash and Cash Equivalents	5	1.164.383.158	1.267.728.071
Financial Investments	6	611.476	2.963.016
Trade Receivables			
- Due from related parties	9-32	446.815.319	433.197.344
- Other trade receivables	9	201.954.749	163.955.235
Other Receivables			
- Due from related parties	10-32	3.417.357	131.398.216
- Other receivables	10	16.860.567	8.463.471
Inventories	11	198.321.733	186.149.155
Prepaid Expenses	19	47.436.206	16.142.125
Current Income Tax Assets		1.879.695	4.071.798
Other Current Assets	21	46.824.271	44.445.819
<b>Non-Current Assets</b>		<b>1.033.447.409</b>	<b>898.093.294</b>
Financial Investments	6	464.661.239	326.344.908
Other Receivables			
- Other Receivables	10	161.464	125.282
Investment Properties	12	10.035.000	30.460.000
Tangible Assets	13	532.558.107	524.302.908
Intangible Assets	14	791.589	674.439
Prepaid Expenses	19	20.991.312	12.121.201
Deferred Tax Assets	30	4.244.512	4.060.370
Other Non-Current Assets		4.186	4.186
<b>TOTAL ASSETS</b>		<b><u>3.161.951.940</u></b>	<b><u>3.156.607.544</u></b>

(\*) Restatement effects have been explained in Note 2 “Comparative Information and Restatements of Prior Period Consolidated Financial Statements”.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL  
STATEMENTS ORIGINALLY ISSUED IN TURKISH  
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

<b>LIABILITIES</b>	<b>Notes</b>	<b>Audited Current Year 2013</b>	<b>Reclassified (*) Audited Previous Year 2012</b>
<b>Current Liabilities</b>		<b>1.826.580.192</b>	<b>1.143.105.831</b>
Short Term Financial Liabilities	7	150.942.003	133.999.730
Short Term Portion of Long Term Financial Liabilities	7	1.098.791.211	480.427.663
Trade Payables			
- Due to related parties	9-32	273.321.957	247.377.711
- Other trade payables	9	235.142.437	223.771.841
Employee Benefit Related Liabilities	20	17.716.822	15.198.264
Other Payables			
- Due to Related Parties	10-32	86.857	253.281
- Other Payables	10	344.940	4.805.214
Derivative Financial Instruments	8	-	409.549
Income Tax Payable	30	11.471.653	1.562.959
Short Term Provisions			
- Provisions for employee benefits	18	14.273.061	11.644.939
- Other Short Term Provisions	16	8.699.625	11.990.240
Other Current Liabilities	21	15.789.626	11.664.440
<b>Non-Current Liabilities</b>		<b>67.203.301</b>	<b>933.748.301</b>
Long Term Financial Liabilities	7	9.851.176	886.525.280
Long Term Provisions			
- Provisions for employee benefits	18	23.380.797	20.283.290
Deferred Tax Liabilities	30	33.935.757	26.753.898
Other Non-Current Liabilities	21	35.571	185.833
<b>SHAREHOLDERS' EQUITY</b>	<b>22</b>	<b>1.268.168.447</b>	<b>1.079.753.412</b>
<b>Equity Attributable To Equity Holders' of the Parent</b>		<b>1.129.829.508</b>	<b>957.451.288</b>
Share Capital		342.000.000	342.000.000
Inflation Adjustments to Share Capital		108.056.201	108.056.201
Other comprehensive income/expense not to be reclassified to profit or loss			
- Actuarial losses		(1.307.850)	(1.912.682)
- Investment property valuation funds		5.231.735	20.637.311
Other comprehensive income/expense to be reclassified to profit or loss			
- Financial assets revaluation funds		254.670.905	123.114.916
Restricted Reserves Appropriated from Profits		126.205.350	73.181.956
Retained Earnings		106.324.722	125.405.583
Net Profit for the Year		188.648.445	166.968.003
<b>Non Controlling Interest</b>		<b>138.338.939</b>	<b>122.302.124</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3.161.951.940</b>	<b>3.156.607.544</b>

(\*) Restatement effects have been explained in Note 2 "Comparative Information and Restatements of Prior Period Consolidated Financial Statements".

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL  
STATEMENTS ORIGINALLY ISSUED IN TURKISH  
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2013**  
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	<b>Notes</b>	<b>Audited Current Year 2013</b>	<b>Reclassified (*) Audited Previous Year 2012</b>
Revenue	23	2.748.370.545	2.343.232.826
Cost of Sales (-)	23	(2.115.060.273)	(1.837.981.934)
<b>GROSS PROFIT FROM OPERATIONS</b>		<b>633.310.272</b>	<b>505.250.892</b>
Research Expenses (-)	24-25	(13.396.585)	(8.900.058)
Marketing, Sales and Distribution Expenses (-)	24-25	(262.511.713)	(226.945.293)
General Administrative Expenses (-)	24-25	(94.030.049)	(96.295.271)
Other Operating Income	26	134.856.075	188.514.812
Other Operating Expenses (-)	26	(85.624.362)	(137.458.907)
<b>OPERATING PROFIT FROM MAIN OPERATION</b>		<b>312.603.638</b>	<b>224.166.175</b>
Income from Investment Activities	27	230.266.350	100.283.773
Expenses from Investment Activities (-)	27	(23.589.386)	(78.301.595)
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES</b>		<b>519.280.602</b>	<b>246.148.353</b>
Financial Income	28	52.271.455	62.129.715
Financial Expenses (-)	29	(292.435.753)	(64.742.988)
<b>PROFIT BEFORE TAX</b>		<b>279.116.304</b>	<b>243.535.080</b>
<b>Tax Expense</b>	30	<b>(51.785.743)</b>	<b>(47.961.146)</b>
Tax on Income (-)		(51.860.071)	(31.304.716)
Deferred Tax Income / (Expense)		74.328	(16.656.430)
<b>PROFIT FOR THE YEAR</b>		<b>227.330.561</b>	<b>195.573.934</b>
<b>Distribution of the Profit for the Year</b>			
Non-Controlling Interest		38.682.116	28.605.931
Equity Holders of the Parent		188.648.445	166.968.003
<b>Earnings per share</b>	31	0,55	0,49

(\*) Restatement effects have been explained in Note 2 "Comparative Information and Restatements of Prior Period Consolidated Financial Statements".

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STATEMENTS ORIGINALLY ISSUED IN TURKISH  
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
31 DECEMBER 2013**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	<b>Audited Current Year 2013</b>	<b>Reclassified (*) Audited Previous Year 2012</b>
	<hr/>	<hr/>
<b>PROFIT FOR THE YEAR</b>	<b>227.330.561</b>	<b>195.573.934</b>
<b>Other Comprehensive Income:</b>		
<b>Items not to be Reclassified Under Profit and Loss</b>	<b>(14.747.639)</b>	<b>17.343.033</b>
Change in Revaluation Funds of Investment Property	(15.415.613)	22.081.916
Actuarial Losses	817.330	(1.586.355)
Tax Income / (Expenses) Related to Other Comprehensive Income not to be Reclassified Under Profit and Loss	(149.356)	(3.152.528)
<b>Items to be Reclassified Under Profit and Loss</b>	<b>131.531.094</b>	<b>52.736.148</b>
Change in Revaluation Funds of Financial Assets	138.453.783	55.511.735
Tax Income /( Expense) Related to Other Comprehensive Income to be Reclassified Under Profit and Loss	(6.922.689)	(2.775.587)
<b>OTHER COMPREHENSIVE INCOME</b>	<hr/> <b>116.783.455</b> <hr/>	<hr/> <b>70.079.181</b> <hr/>
<b>TOTAL COMPREHENSIVE INCOME</b>	<hr/> <b>344.114.016</b> <hr/>	<hr/> <b>265.653.115</b> <hr/>
<b>Distribution of Total Comprehensive Income</b>		
Non-Controlling Interest	38.710.326	29.015.158
Equity holders of the Parent	305.403.690	236.637.957

(\*) Effects of restatements are explained in the Note 2 (Comparative Information and Restatements of Prior Period Consolidated Financial Statements)

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH  
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	Share Capital	Inflation Adjustments to Share Capital	Accumulated Other Comprehensive Income To Be Reclassified Under Profit And Loss		Other Comprehensive Income Not To Be Reclassified Under Profit And Loss		Restricted Reserves Appropriated from Profits	Accumulated Profit		Equity Attributable to Equity Holders of the Parent	Non Controlling Interest	Total Equity
			Financial Assets Valuation Fund	Investment Property Valuation Fund	Actuarial Loss	Net Profit for the Year		Retained Earnings / (Accumulated Loss)				
<b>As of 1 January 2012</b>	<b>268.600.000</b>	<b>108.056.201</b>	<b>73.153.054</b>	<b>-</b>	<b>(983.463)</b>	<b>69.877.977</b>	<b>658.005.477</b>	<b>(174.126.746)</b>	<b>1.002.582.500</b>	<b>94.668.191</b>	<b>1.097.250.691</b>	
Total comprehensive income	-	-	49.961.862	20.637.311	(929.219)	-	166.968.003	-	236.637.957	29.015.158	265.653.115	
Capital increase	73.400.000	-	-	-	-	-	-	(73.400.000)	-	-	-	
Dividend paid	-	-	-	-	-	-	-	(280.000.000)	(280.000.000)	(1.484.501)	(281.484.501)	
Transactions under common control (*)	-	-	-	-	-	-	-	(1.769.169)	(1.769.169)	103.276	(1.665.893)	
Transfer	-	-	-	-	-	3.303.979	(658.005.477)	654.701.498	-	-	-	
<b>As of 31 December 2012</b>	<b>342.000.000</b>	<b>108.056.201</b>	<b>123.114.916</b>	<b>20.637.311</b>	<b>(1.912.682)</b>	<b>73.181.956</b>	<b>166.968.003</b>	<b>125.405.583</b>	<b>957.451.288</b>	<b>122.302.124</b>	<b>1.079.753.412</b>	
<b>As of 1 January 2013</b>	<b>342.000.000</b>	<b>108.056.201</b>	<b>123.114.916</b>	<b>20.637.311</b>	<b>(1.912.682)</b>	<b>73.181.956</b>	<b>166.968.003</b>	<b>125.405.583</b>	<b>957.451.288</b>	<b>122.302.124</b>	<b>1.079.753.412</b>	
Total comprehensive income	-	-	131.555.989	(15.405.576)	604.832	-	188.648.445	-	305.403.690	38.710.326	344.114.016	
Dividend paid	-	-	-	-	-	-	-	(150.000.000)	(150.000.000)	(22.673.511)	(172.673.511)	
Sales of investment property	-	-	-	-	-	-	-	15.405.576	15.405.576	-	15.405.576	
Transactions under common control(**)	-	-	-	-	-	-	-	1.568.954	1.568.954	-	1.568.954	
Transfer	-	-	-	-	-	53.023.394	(166.968.003)	113.944.609	-	-	-	
<b>As of 31 December 2013</b>	<b>342.000.000</b>	<b>108.056.201</b>	<b>254.670.905</b>	<b>5.231.735</b>	<b>(1.307.850)</b>	<b>126.205.350</b>	<b>188.648.445</b>	<b>106.324.722</b>	<b>1.129.829.508</b>	<b>138.338.939</b>	<b>1.268.168.447</b>	

(\*)In previous years Atlantik Gıda Pazarlama ve Ticaret A.Ş was a 100% subsidiary of Ülker Çikolata San. A.Ş. Disclosure is related to Ülker Çikolata San. A.Ş.'s acquisitions of Atlantik Gıda Pazarlama ve Ticaret A.Ş at 15 November 2012 (Note 3).

(\*\*)On 18 February 2013, the Group acquired 100% stake in Reform Gıda Paz. San. ve Tic. A.Ş., from Yıldız Holding A.Ş. as "transaction under common control" and the Group has started to consolidate Reform Gıda A.Ş. since 1 January 2013. Public Oversight Accounting and Auditing Standards Authority ("POA") Turkish Accounting Standards Boards has published principal related with transaction under common control in official journal as of 21 July 2013. In accordance with the publication, transaction under common controls have to perform in accordance with "Pooling of Interest Method" by restating previous year financials. The Group has decided to not restate previous year financial statements by considering acquired company size and monetary value of purchase (Note 1).

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH  
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED  
31 DECEMBER 2013**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	Audited Current Year 2013	Audited Previous Year 2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the year		227.330.561	195.573.934
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities			
- Depreciation expenses of tangible assets	13	51.519.567	47.462.702
- Amortization expenses of intangible assets	14	266.387	294.094
- Effect of change in useful life	13	(6.632.229)	-
- Losses from sale of investment property	12	3.526.906	-
- Revaluation of investment property	12	(220.000)	(823.000)
- Goodwill impairment		-	1.534.035
- Allowance for doubtful receivables	9	37.454	3.511.894
- Reversal of allowance for doubtful receivables	9	(201.484)	(890.539)
- Provision for employment benefits	18	11.010.330	10.201.687
- Provision for unused vacation	18	5.904.252	4.964.152
- Performance premium provision	18	7.928.849	5.442.225
- Provision for lawsuits	16	13.979	2.448.540
- Reversal of provision for sales return	16	(3.075.479)	(11.302.271)
- Change in loan expense accrual		(8.192.232)	7.942.949
- Discount expense/(income)		1.665.624	(1.527.003)
- Change in foreign currency and interest expense of financial liabilities		172.804.077	(32.895.648)
- Gain on sale of derivative financial instruments		(8.101.398)	(2.636.234)
- Gain on sale of tangible and intangible assets (net)	27	(15.098.740)	(4.058.563)
- Gain on sale of subsidiary share (net)		-	(542.032)
- Reversal of provision for inventory allowance	11	(4.357.387)	6.218.309
- Rent income	27	(7.373.538)	(6.974.552)
- Dividend income	27	(434.426)	(579.296)
- Change in foreign currency from investment activity	27	(149.280.945)	56.343.920
- Interest Income		(37.794.133)	(59.402.548)
- Tax Provision	30	51.785.743	47.961.146
<b>Net Operating cash flows provided before changes in working capital</b>		<b>293.031.738</b>	<b>268.267.901</b>
- Increase/decrease in trade receivables		(38.068.353)	123.348.833
- Increase in trade receivables from related parties		(15.070.255)	(137.193.060)
- Increase in inventories		(7.815.191)	(31.153.088)
- Increase/decrease in other receivables and other current assets		(48.723.096)	16.127.967
- Increase in trade payables		11.181.664	17.551.224
- Increase in trade payables to related parties		26.044.056	33.815.965
- Increase in other payables and liabilities		1.332.677	(7.128.448)
<b>Net cash generated from operations</b>		<b>221.913.240</b>	<b>283.637.294</b>
- Taxes paid	30	(41.951.377)	(37.684.220)
- Employment termination benefit paid	18	(7.166.143)	(10.371.616)
- Unused vacation paid	18	(4.448.796)	(4.398.128)
- Performance premium paid	18	(6.756.183)	(4.824.006)
- Lawsuits provision paid	16	(343.801)	(218.306)
- Collections from doubtful trade receivables	9	108.647	290.734
<b>Net cash generated from operating activities</b>		<b>161.355.587</b>	<b>226.431.752</b>

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CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED  
31 DECEMBER 2013**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	Audited Current Year 2013	Audited Previous Year 2012
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
- Acquisitions of tangible assets	13	(77.769.003)	(40.602.588)
- Acquisitions of intangible assets	14	(149.765)	(348.537)
- Proceeds from sales of tangible and intangible assets		41.875.605	7.308.392
- Proceeds from sales of investment properties	12	17.118.094	-
- Change in non-trade receivables from related parties	10-32	277.261.804	394.566.592
- Rent income	27	7.373.538	6.974.552
- Dividend income	27	434.426	579.296
- Interest received		37.794.133	59.402.548
- Change in financial assets		2.351.540	5.781.593
<b>Net cash generated from investing activities</b>		<b>306.290.372</b>	<b>433.661.848</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
- Loan repayment		(582.689.780)	(705.223.400)
- Proceeds from sales of derivative financial instruments		7.691.849	-
- Loans acquired		250.772.377	1.265.559.036
- Change in leasing liabilities		(7.015.992)	(17.375.092)
- Dividends paid	22	(172.673.511)	(281.484.501)
- Interest paid		(66.909.391)	(51.405.440)
- Changes in non-trade payables to related parties		(166.424)	(4.138.087)
<b>Net cash used in financing activities</b>		<b>(570.990.872)</b>	<b>205.932.516</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>(103.344.913)</b>	<b>866.026.116</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	5	<b>1.267.728.071</b>	<b>401.701.955</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	5	<b>1.164.383.158</b>	<b>1.267.728.071</b>

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**1. ORGANIZATION AND OPERATIONS OF THE GROUP**

Ülker Bisküvi Sanayi A.Ş. (“the Company”) and its subsidiaries (all together “the Group”), comprises of the parent Ülker Bisküvi Sanayi A.Ş. (“the Company”) and seven subsidiaries in which the Company owns the majority share of the capital or which are controlled by the Company (2012: six).

Ülker Bisküvi Sanayi A.Ş. was established in 1944. The Company’s core business activities are manufacturing of biscuits, chocolate, chocolate coated biscuits, wafers and cakes.

Ülker Bisküvi Sanayi A.Ş. which is registered at the Capital Market Board, merged under its own title with Anadolu Gıda Sanayi A.Ş., whose shares have been quoted on İstanbul Stock Exchange since 30 October 1996, as of 31 December 2003.

The headquarter of Ülker Bisküvi Sanayi A.Ş. is located Kısıklı Mah. Ferah Cad. No:1 Büyük Çamlıca Üsküdar / İstanbul.

As of 31 December 2013, the total number of people employed by the Group is 9.218 which contains 519 employees who worked as subcontractors (31 December 2012: 8.627, subcontractor: 608).

The ultimate parent and the controlling party of the Group is Yıldız Holding A.Ş. The ultimate parent of Yıldız Holding A.Ş. is managed by Ülker Family.

As of 31 December 2013 and 2012, the names and percentages of the shareholders holding more than 10% of the Company’s share capital are as follows:

Name of the Shareholders	2013		2012	
	Share	Percentage	Share	Percentage
Yıldız Holding A.Ş.	166.967.458	48,82%	151.778.531	44,38%
Dynamic Growth Fund (*)	-	-	73.308.031	21,44%
Yıldız Holding A.Ş. Subsidiaries and Ülker Family	38.888.808	11,37%	48.220.722	14,10%
Other	136.143.734	39,81%	68.692.716	20,08%
	<b>342.000.000</b>	<b>100,00%</b>	<b>342.000.000</b>	<b>100,00%</b>

(\*) Dynamic Growth Fund has transferred all assets in its portfolio to the holders of fund participation certificates due to its liquidation on 18 July 2013.

As of 31 December 2013 and 2012, the details of the subsidiaries under full consolidation in terms of direct and effective share of ownership and principal business activities are as follows:

Subsidiaries	2013		2012		Nature of Operations
	Ratio of Direct Ownership %	Ratio of Effective Ownership %	Ratio of Direct Ownership %	Ratio of Effective Ownership %	
Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş. (*)	43,5%	43,9%	43,5%	43,9%	Manufacturing
Ülker Çikolata Sanayi A.Ş.	91,7%	91,7%	91,7%	91,7%	Manufacturing
İstanbul Gıda Dış Ticaret A.Ş.	83,8%	91,4%	83,8%	91,4%	Sales&Marketing
Atlas Gıda Pazarlama Sanayi ve Ticaret A.Ş.	98,3%	98,3%	98,3%	98,3%	Trading
Birleşik Dış Ticaret A.Ş.	70,0%	79,2%	70,0%	79,2%	Sales&Marketing
Reform Gıda Paz. San. ve Tic. A.Ş.(**)	100,0%	100,0%	-	-	Trading
Rekor Gıda Pazarlama A.Ş. (*)	-	43,9%	-	43,9%	Sales&Marketing

(\*) Whilst the Group has 43.9% effective ownership share in Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş and Rekor Gıda Pazarlama A.Ş, full consolidation method has been used due to the fact that the Group has majority of the voting rights. Group has total control over the business of its subsidiaries by voting right with respect to the law declaration of intention of its minorities. Depending on the performance results of its subsidiaries, Group has right over parameter proceeds and has the right to control the operations of its subsidiaries. The Group has the contingency to use its power over its subsidiaries to effect the proceeds.

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**1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)**

(\*\*) Reform Gıda Paz. San. ve Tic. A.Ş. which was acquired from Yıldız Holding A.Ş. on 18 February 2013 fully consolidated with scope of transaction under common controls in the consolidated financial statements as of 1 January 2013.

Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş. manufactures and sells similar products with those of Ülker Bisküvi Sanayi A.Ş. In addition, İstanbul Gıda Dış Ticaret A.Ş., Birleşik Dış Ticaret A.Ş. and Rekor Gıda Pazarlama A.Ş. are involved in domestic and international sales and marketing of products of the above mentioned companies and other food products purchased from the domestic market. The manufacturing and sales operations of chocolate and cocoa covered products of Ülker Çikolata Sanayi A.Ş.

Dividend Paid:

Group has paid dividend of TL 172.673.511 in the current year. Dividend paid per share as of 31 December 2013 is TL 0,50. (31 December 2012:TL 0,82)

Approval of financial statements:

The Board of Directors has approved the financial statements and given authorization for the issuance on 5 March 2014. The General Assembly has the authority to amend the financial statements.

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

**2.1 Basis of the presentation:**

**Basis of the presentation and Significant Accounting Policies**

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC").

The consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's consolidated financial statements.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the consolidated financial statements of the Group have been prepared accordingly.

The Group maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under historical cost conventions except for financial assets and financial liabilities which are carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.1 Basis of the presentation(cont'd):**

Functional and presentation currency

Financial statements of each subsidiary of the Group are presented in the currency of the primary economic environment in which the entities operate (its functional currency). The results and financial position of the each subsidiary are expressed in Turkish Lira, which is the functional and presentation currency of the Group.

As of 31 December 2013, rates declared by Central Bank of Republic of Turkey are 1 Euro = TL 2,9365, 1 USD = TL 2,1343 (2012: 1 Euro = TL 2,3517, 1 USD = TL 1,7826). For the period between January 1,2013 and December 31, 2013, average rates declared by Central Bank of Republic of Turkey are 1Euro = TL 2,5290, 1 USD = TL 1,9033 (2012: 1Euro = TL 2,3041, 1 USD = TL 1,7922).

**Consolidation**

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**Offsetting/Net-off**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.2 Changes in the Accounting Policies:**

Accounting policy changes are applied retrospectively and the previous year financial statements are rearranged.

**Comparative Information and Restatement of Prior Period Consolidated Financial Statements**

In order to allow the determination of financial position and performance, the Group's consolidated financial statements are prepared in comparison with the previous period. In order to comply with the presentation of consolidated financial statements the current period when deemed necessary, comparative information is reclassified, and material differences are presented. The Group has made some reclassifications in order to conform to current period financial statements for prior periods. The nature of the classifications and amounts are as follows:

<b>ASSETS</b>	<b>Previously reported</b>	<b>Impact of change in the POA format of financial statements</b>	<b>Reclassified</b>
<b>Current Assets</b>	<b>2.258.514.250</b>	-	<b>2.258.514.250</b>
Cash and Cash Equivalent	1.267.728.071	-	1.267.728.071
Financial Investments	2.963.016	-	2.963.016
Trade Receivables			
- Due from related parties	433.197.344	-	433.197.344
- Other trade receivables	163.727.576	227.659	163.955.235
Other Receivables			
- Due from related parties	131.398.216	-	131.398.216
- Other receivables	8.463.471	-	8.463.471
Inventories	186.149.155	-	186.149.155
Prepaid Expenses	-	16.142.125	16.142.125
Current Income Tax Assets	-	4.071.798	4.071.798
Other Current Assets	64.887.401	(20.441.582)	44.445.819
<b>Non-Current Assets</b>	<b>898.093.294</b>	-	<b>898.093.294</b>
Financial Investments	326.344.908	-	326.344.908
Other Receivables			
- Other Receivables	125.282	-	125.282
Investment Properties	30.460.000	-	30.460.000
Tangible Assets	524.302.908	-	524.302.908
Intangible Assets	674.439	-	674.439
Prepaid Expenses	-	12.121.201	12.121.201
Deferred Tax Assets	4.060.370	-	4.060.370
Other Non-Current Assets	12.125.387	(12.121.201)	4.186
<b>TOTAL ASSETS</b>	<b>3.156.607.544</b>	-	<b>3.156.607.544</b>

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.2 Changes in the Accounting Policies (cont'd):**

**Comparative Information and Restatement of Prior Period Financial Statements (cont'd)**

<b>LIABILITIES</b>	<b>Previously Reported</b>	<b>Impact of change in the POA format of financial statements</b>	<b>Reclassified</b>
<b>Current Liabilities</b>	<b>1.143.105.831</b>	-	<b>1.143.105.831</b>
Short Term Financial Liabilities	614.427.393	(480.427.663)	133.999.730
Short Term Portion of Long Term Financial Liabilities		480.427.663	480.427.663
Trade Payables			
- Due to related parties	247.377.711	-	247.377.711
- Other trade payables	223.718.564	53.277	223.771.841
Employee Benefit Related Liabilities		15.198.264	15.198.264
Other Payables			
- Other Payables to Related Parties	253.281	-	253.281
- Other Payables	4.805.214	-	4.805.214
Derivative Financial Instruments	409.549	-	409.549
Income Tax Payable	1.562.959	-	1.562.959
Short Term Provisions			
- Provisions for employee benefits	11.990.240	(345.301)	11.644.939
- Other Short Term Provisions	21.839.896	(9.849.656)	11.990.240
Other Current Liabilities	16.721.024	(5.056.584)	11.664.440
			-
<b>Non-Current Liabilities</b>	<b>933.748.301</b>	-	<b>933.748.301</b>
Long Term Financial Liabilities	886.525.280	-	886.525.280
Long Term Provisions			
- Provisions for employee benefits	20.283.290	-	20.283.290
Deferred Tax Liabilities	26.753.898	-	26.753.898
Other Non-Current Liabilities	185.833	-	185.833
			-
<b>SHAREHOLDERS' EQUITY</b>	<b>1.079.753.412</b>	-	<b>1.079.753.412</b>
<b>Equity Attributable To Equity Holders' of the Parent</b>	<b>957.451.288</b>	-	<b>957.451.288</b>
Share Capital	342.000.000	-	342.000.000
Inflation Adjustments to Share Capital	108.056.201	-	108.056.201
Valuation Funds	143.752.227	(143.752.227)	-
Other comprehensive income/expense not to be reclassified to profit or loss			
- Actuarial losses	(1.912.682)	-	(1.912.682)
- Investment property valuation fund		20.637.311	20.637.311
Other comprehensive income / expense to be reclassified to profit or loss			
- Financial asset valuation fund	-	123.114.916	123.114.916
Restricted Reserves Appropriated from Profits	73.181.956	-	73.181.956
Retained Earnings	125.405.583	-	125.405.583
Net income for the year	166.968.003	-	166.968.003
<b>Non Controlling Interest</b>	<b>122.302.124</b>	-	<b>122.302.124</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>3.156.607.544</b>	-	<b>3.156.607.544</b>

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.2 Changes in the Accounting Policies:**

**Comparative Information and Restatement of Prior Period Financial Statements (cont'd)**

In accordance with CMB decision dated 7 June 2013 and the numbered 20/670, the reclassifications were made by Group in the consolidated balance sheets for the year ended 31 December 2012 are as follows:

Classifications within the current assets are as follows:

- Income accrual amounting to TL 227.659 presented under other current assets in the previous year consolidated financial statement is classified in other trade receivables.
- Prepaid expenses amounting to TL 16.425.125 into presented under other current assets in the previous year consolidated financial statement is classified as a separate line.
- Current income tax asset amounting to TL 4.107.798 presented under other current assets in the previous year consolidated financial statement is classified as a separate line.

Classifications within the non-current assets are as follow:

- Prepaid expenses amounting to TL 12.121.201 presented under other non current assets in the previous year consolidated financial statement is classified as a separate line.

Classifications within the current liabilities are as follow:

- Borrowings amounting to TL 480.427.663 presented under short term financial liabilities in the previous year consolidated financial statement is classified into short term portion of long term financial liabilities as a separate line,
- Expense accrual amounting to TL 55.277 presented under other current assets in the previous year consolidated financial statement is classified in other trade payables.
- Employee benefits amounting to TL 15.198.264 presented under short term provisions and other short term liabilities in the previous year consolidated financial statement is classified into employee benefits related liabilities as a separate line.

Classifications within the shareholders' equity are as follow:

- Valuation funds of investment property and financial assets amounting to TL 143.752.227 presented under valuation fund in the previous year consolidated financial statement is classified in investment property valuation fund under other comprehensive income/expense not to be reclassified to profit or loss amounting to TL 20.637.311 and financial assets valuation fund amounting to TL 123.114.946 under other comprehensive income/expense to be reclassified to profit or loss as two separate lines, respectively.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.2 Changes in the Accounting Policies (cont'd):**

**Comparative Information and Restatement of Prior Period Financial Statements (cont'd)**

31 December 2012 Statement of Income	Previously reported	Classification of export commission	Impact of change in the POA format of financial statements	Reclassified
Revenue	2.340.639.227	2.593.599		2.343.232.826
Cost of Sales (-)	(1.837.981.934)			(1.837.981.934)
<b>GROSS PROFIT FROM OPERATIONS</b>	<b>502.657.293</b>			<b>505.250.892</b>
Research Expenses (-)	(8.900.058)			(8.900.058)
Marketing, Sales and Distribution Expenses (-)	(226.945.293)			(226.945.293)
General Administrative Expenses (-)	(96.295.271)			(96.295.271)
Other Operating Income	48.423.387	(2.593.599)	142.685.024	188.514.812
Other Operating Expenses (-)	(16.893.938)		(120.564.969)	(137.458.907)
<b>OPERATING PROFIT</b>	<b>202.046.120</b>			<b>224.166.175</b>
Income from Investing Activities	-		100.283.773	100.283.773
Expenses from Investing Activities (-)	-		(78.301.595)	(78.301.595)
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES</b>	<b>202.046.120</b>			<b>246.148.353</b>
Finance Income	249.162.549		(187.032.834)	62.129.715
Finance Expenses (-)	(207.673.589)		142.930.601	(64.742.988)
<b>PROFIT BEFORE TAX</b>	<b>243.535.080</b>			<b>243.535.080</b>
<b>Tax Expense</b>	<b>(47.961.146)</b>			<b>(47.961.146)</b>
Current Tax Expenses	(31.304.716)			(31.304.716)
Deferred Tax (Loss) / Income	(16.656.430)			(16.656.430)
<b>PROFIT FOR THE YEAR</b>	<b>195.573.934</b>			<b>195.573.934</b>

In accordance with CMB decision dated 7 June 2013 and the numbered 20/670, the reclassifications were made by Group in the consolidated income statements for the year ended 31 December 2012 are as follow:

- Foreign exchange gain from operations amounting to TL 102.612.459 foreign exchange loss from operations amounting to TL 81.428.469, financial income on credit sales amounting to TL 47.240.129, financial expense on credit purchases amounting to TL 35.974.952, discount income amounting to TL 4.749.655 and discount expense amounting to TL 3.222.652 presented under financial income/expense in the previous year consolidated financial statements are classified into other operating income / expenses.
- Rent income amounting to TL 6.794.552, gain on sales of tangible asset amounting to TL 4.119.663 and loss on sales of tangible asset amounting to TL 61.104 presented under other operating income / expense in the previous year consolidated financial statement are classified into income from investment activities.
- Foreign exchange gain from investments amounting to TL 21.791.066, dividend income amounting to TL 579.290, interest income amounting to TL 63.493.102, gain on sale of marketable securities amounting to TL 3.326.094, valuation of investment property amounting to TL 823.000, loss on sale of financial asset amounting to TL 105.505 and foreign exchange loss from investments amounting to TL 78.134.986 that are presented under financial income / expense in the previous year consolidated financial statement are classified into income from investment activities.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.3 Changes and Errors in Accounting Estimates:**

Change and errors in accounting estimates are applied retrospectively and the previous year financial statements are arranged. If the changes in the accounting policies are related only to one period then they are applied in the current year; if they are related with the future period, then they are applied both in the current period and future periods. The Group's subsidiary of Biskot Bisküvi Gıda San. ve Tic. A.Ş. changed its estimation of useful lives of tangible assets in the current year. If the Group did not make changes in accounting estimates, total depreciation expense would have been higher amounting to TL 6.632.229 in the consolidated financial statements for the year ended 31 December 2013.

**2.4 New and Revised International Financial Reporting Standards:**

**a. New standards, amendments and interpretations are applied to annual reporting period ended December 31,2013 of the consolidated financial statements that is as follow ;**

- Amendment to IAS 1, “Financial statement presentation”, regarding other comprehensive income; is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.
- Amendment to IAS 19, “Employee benefits”; is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.
- Amendment to IFRS 1, “First time adoption”, on government loans; ; is effective for annual periods beginning on or after 1 January 2013. This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.
- Amendment to IFRS 7, “Financial instruments: Disclosures”, on asset and liability offsetting,; is effective for annual periods beginning on or after 1 January 2013. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.
- Amendment to IFRSs 10, 11 and 12 on transition guidance,; is effective for annual periods beginning on or after 1 January 2013. These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.
- Annual improvements 2011; is effective for annual periods beginning on or after 1 January 2013. These annual improvements, address six issues in the 2009-2011 reporting cycle. It includes changes to:
  - IFRS 1, “First time adoption”
  - IAS 1, “Financial statement presentation”
  - IAS 16, “Property plant and equipment”
  - IAS 32, “Financial instruments; Presentation”
  - IAS 34, “Interim financial reporting”

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.4 New and Revised International Financial Reporting Standards (cont'd):**

- IFRS 10, “Consolidated financial statements”; is effective for annual periods beginning on or after 1 January 2013. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.
- IFRS 11, “Joint arrangements”; ; is effective for annual periods beginning on or after 1 January 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
- IFRS 12, “Disclosures of interests in other entities”; is effective for annual periods beginning on or after 1 January 2013. IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- IFRS 13, “Fair value measurement” ; is effective for annual periods beginning on or after 1 January 2013. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.
- IAS 27 (revised 2011), “Separate financial statements”; is effective for annual periods beginning on or after 1 January 2013. IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- IAS 28 (revised 2011), “Associates and joint ventures”; is effective for annual periods beginning on or after 1 January 2013. IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
- IFRIC 20, “Stripping costs in the production phase of a surface mine” is effective for annual periods beginning on or after 1 January 2013. This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.4 New and Revised International Financial Reporting Standards (cont'd):**

**b. New standards and amendments will be applied for periods beginning on or after 1 January 2014 that is as follow ;**

- Amendment to IAS 32, “Financial instruments: Presentation”, on asset and liability offsetting is effective for annual periods beginning on or after 1 January 2014. These amendments are to the application guidance in IAS 32, ‘Financial instruments: Presentation’, and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities is effective for annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an ‘investment entity’ definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.
- Amendment to IAS 36, “Impairment of assets” on recoverable amount disclosures is effective for annual periods beginning on or after 1 January 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- Amendment to IAS 39 “Financial Instruments: Recognition and Measurement” - ‘Novation of derivatives is effective for annual periods beginning on or after 1 January 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.
- IFRIC 21, ‘Levies’ is effective for annual periods beginning on or after 1 January 2014. This is an interpretation of IAS 37, ‘Provisions, contingent liabilities and contingent assets’. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

New standards, comments and changes has been published by International Accounting Standards Board (IASB) but hasn’t been published by POA.

The new standards, comments and changes on the current TFRS standards has been published by TASB but yet to be come into effect for the current reporting period. However the new standards, comments and changes hasn’t been adjusted or published to TFRS by POA because of this changes can not be a part of TFRS. Company will conduct the necessary changes in its period end financial statements and disclosures after the standards and comments has been published in TFRS.

- IFRS 9 “Financial instruments” – classification and measurement; is effective for annual periods beginning on or after 1 January 2015. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, ‘Financial instruments: Recognition and measurement’. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions.
- Amendments to IFRS 9, “Financial instruments”, regarding general hedge. These amendments to IFRS 9, ‘Financial instruments’, bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.4 New and Revised International Financial Reporting Standards (cont'd):**

- Amendment to IAS 19 regarding defined benefit plans; is effective for annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

Annual improvements 2012; is effective for annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:

- IFRS 2, "Share-based payment"
- IFRS 3, "Business Combinations"
- IFRS 8, "Operating segments"
- IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets"
- IFRS 9, "Financial instruments", IAS 37, "Provisions, contingent liabilities and contingent assets"
- IAS 39, "Financial instruments – Recognition and measurement".

Annual improvements 2013; is effective for annual periods beginning on or after 1 July 2014. The amendments include changes from the 2011-2-13 cycle of the annual improvements project that affect 4 standards:

- IFRS 1, "First time adoption"
- IFRS 3, "Business combinations"
- IFRS 13, "Fair value measurement"
- IAS 40, "Investment property"

**2.5 Summary of Significant Accounting Policies**

The accounting policies applied in preparation of the accompanying financial statements are as follows. This accounting policy was applied in a consistent manner unless otherwise settled.

**Revenue:**

Most of the revenue is generated from sale of biscuit, chocolate, chocolate coated biscuit, wafer and cake.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes.

*Sales of goods*

Revenue generated from biscuit, chocolate, chocolate coated biscuit, wafer and cake is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods,
- The Group retains neither continuing managerial involvement to the degree usually associated with no ownership or effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales discounts are granted at the point of sale based on a percentage and are recorded as a reduction of revenue in the period of the sale. Sale discount percentages vary depending on the product sold. Sale returns are performed with respect to the current agreements with distributors and recorded as reduction of revenue in the period of sale.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.5 Summary of Significant Accounting Policies (cont'd):**

**Revenue (cont'd):**

*Interest Income*

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

*Dividend Income*

Dividend income is recognised in financial statements when the right to receive payment is established.

*Rent Income*

Rent income from real estates is accounted by straight-line method during the respective rent agreement.

**Inventories:**

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

**Tangible Assets:**

Tangible assets are stated at the historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred .

Land is not subject to depreciation. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, In every reporting period, the scrap value and useful lives of tangible fixed assets are reviewed and necessary adjustments are made.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Gain or losses from investment activities' in the income statement.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.5 Summary of Significant Accounting Policies (cont'd):**

**Leases:**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

**Business Combinations:**

Group recognizes assets and liabilities that are subject to business combinations involving entities under common control, at carrying value in the consolidated financial statements.

For the annual reporting period after 31 December 2012, business combination involving entities under common control accounted by using pooling of interest retrospectively, based on the decision is taken by POA. While the using pooling of interest, the financial statements are adjusted as business combination is realized at the beginning of the reporting period when common control transaction is occurred and the financial statements presented comparatively at the beginning of the reporting period occurred common control.

Neither goodwill nor income from acquisition is not realized as a result of these transactions. Positive / negative differences arising after the net-off of investment in associate against the stake in purchased entity's share capital, are directly recognized as " Effect of business combinations under common control " in retained earnings.

**Investment Properties:**

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

A property interest that is held by a lessee under an operating lease may be classified and accounted for as investment property if, and only if, the property would otherwise meet the definition of an investment property and the lessee uses the fair value model for the asset recognised. This classification alternative is available on a property-by-property basis. However, once this classification alternative is selected for one such property interest held under an operating lease, all property classified as investment property shall be accounted for using the fair value model. When this classification alternative is selected, any interest so classified is included in the disclosures required.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.5 Summary of Significant Accounting Policies (cont'd):**

**Intangible Assets:**

The intangible assets are carried at cost of acquisition, less accumulated amortization and any impairment loss. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

**Impairment of Assets:**

If initial recognition value in an asset is greater than estimated net releasable value, the value of asset should be recorded at recoverable value. If any indicators and changes which are not been recorded at recoverable value, any impairment in tangible fixed asset depreciation should be reviewed. The impairment depreciation expense should be adjusted the different between initial recognition value in asset over recoverable value. The recoverable value in an asset is higher than value between the cost reduced at fair value and usage value. The asset to estimate in any impairment should be categorized at sub-cash flow statements. Estimated impairment in any tangible fixed assets are reviewed as to whether reverse and value of impairment.

**Financial Assets:**

**Classification**

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (notes 2.14 and 2.15).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

**Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.5 Summary of Significant Accounting Policies (cont'd):**

**Financial Assets (cont'd):**

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as 'Gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

**Cash and cash equivalents**

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

**Financial Liabilities**

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

**Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

**Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.5 Summary of Significant Accounting Policies (cont'd):**

**Financial Liabilities (cont'd):**

**Derivative financial instruments and hedge accounting**

The Group is exposed to currency and interest rate risks arising from its operations. The Group uses derivative financial instruments (mainly uses interest swap contracts) to hedge its financial risks associated with specific firm commitments and interest rate fluctuations of its expected future transactions.

The most important source of the interest rate risk is bank loans. Group's policy is to turn the floating rate bank loans to fixed rates. The Group classifies these transactions as financial instruments designated at fair value through profit/loss. Differences due to the measurement of the fair value of trading derivative instruments are included in the income statement. In accordance with Group's risk management strategy, using derivative instruments is managed with approved principle by Board of Directors. Group is not using derivative instruments for speculative purposes. Derivative financial instruments are calculated by its fair value on agreement date and following reporting period the fair value is recalculated.

**Foreign Currency Transactions:**

In preparing the consolidated financial statements of the Group, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At balance sheet, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings,
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

**Earnings Per Share:**

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing "non-paid up shares" to shareholders from retained earnings. In computing earnings per share, such "non-paid up shares" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.5 Summary of Significant Accounting Policies (cont'd):**

**Events After Balance Sheet Date:**

Subsequent events cover any events which arise between the reporting date and the balance sheet date, even occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Group adjusts its consolidated financial statements if such subsequent events arise which require to adjust financial statements.

If the non-adjusting events that occurred after balance sheet date, effect economic decisions to user of financial statements, the non-adjusting events will disclose the notes of the consolidated financial statements.

**Provisions, Contingent Assets and Contingent Liabilities:**

**Provisions**

Provisions should be accounted in consolidation financial statements if amount of estimated liability is reliable, economic benefit resources occurred from those liabilities and there are any liabilities arise from previous period as proved as legally. If estimated in future liability on operational loss as legally, a provision should not been accounted.

Provision amount is valued by the present value of the estimated expenses carry out value of the liabilities with respect to the current market assessment of the time value of money and before tax rates which reflects the risks unique to debt.

**Contingent assets and liabilities**

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities (Note 16).

**Related Party Disclosures:**

Related parties in consolidated financial statements: A related party is a person or entity that is related to the entity that is preparing its consolidated financial statements.

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- has control or joint control of the reporting entity,
- has significant influence over the reporting entity,
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- The entity is controlled or jointly controlled by a person identified in (a).
- A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.5 Summary of Significant Accounting Policies (cont'd):**

**Related Party Disclosures (cont'd):**

Related party transactions: A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

**Government Grants and Incentives:**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight- line basis over the expected lives of the related assets.

**Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.5 Summary of Significant Accounting Policies (cont'd):**

**Employee Benefits / Retirement Pay Provision:**

Benefits such as bonus, allowance for heating, marriage allowance, leave of absence, religious holidays, education incentive, birth and death allowance are provided to the Group employees. Moreover, under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per IAS 19 (revised): "Employee Benefits." The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. The principal assumption is that the maximum liability for each year of service will increase parallel with inflation.

Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

The retirement benefit obligation recognised in the balance sheet represents the net present value of the total due to retirement of all employees. Recognised actuarial gains and losses are presented in the income statement.

**Cash Flow Statement:**

In statement of cash flow, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows generated from the manufacturing and marketing of biscuit, chocolate, chocolate coated biscuit, wafer and cake.

Cash flows from investment activities express cash used in investment activities (capital expenditures and financial investments) and cash flows generated from investment activities of the Group.

Cash flows relating to finance activities express sources of financial activities and payment schedules of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**Capital and Dividends**

Ordinary shares are classified as equity. New shares and issue option related with marginal costs, less collection of tax effect presented under shareholders' equity. The dividend distribution, accounted liabilities in the consolidated financial statements on the approval date of dividend distribution by shareholder.

**2.6 Significant Accounting Estimates and Assumptions**

Assumptions, estimations and decisions made for the preparation of the consolidated financial tables are evaluated regularly and attributed to events with conceivable evidence with respect to past knowledge and circumstances.

**Significant accounting estimation and assumptions**

Group, has estimation and assumptions related to future term. Accounting assumptions which rarely accrue gives identical outcome with the realised results. Assumptions and estimations that can lead to significant adjustments on the carrying value of the assets and liabilities in the following reporting period are as follow.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.6 Significant Accounting Estimates and Assumptions:**

Useful life of tangible assets:

Group has calculated the depreciation expenses regarding the useful lives specified in note 13. The Group's subsidiary Biskot Bisküvi Gıda San. ve Tic. A.Ş. changed its estimation of useful lives of tangible assets in the current year. As a result of such change income was recorded in the current year income statements amounting to TL 6.632.229.

Impairment of inventories

In the current year, a provision has been provided for inventories that are not expected to be used and are slow moving. In the current year, the Group has also provided provision for inventories with net realizable values lower than costs. Based on the analysis, TL 4.790.533 impairment provision has been provided for inventories (2012: TL 9.147.920).

Doubtful receivables provision

In the current year, a provision has been provided for receivables that are not expected to be collectible and those that have not been collected for long time. As of 31 December 2013, the provision for TL 6.222.135 of the trade receivables has been provided for as doubtful receivable provision (2012: TL 6.494.812).

Deferred taxes:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for IFRS purposes and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IFRS and tax legislation. Group has deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future.

Fully or partial recoverability of tax assets are estimated based on available current evidences. The main factors which are considered include future earnings potential; cumulative losses in recent years; expiration dates of both loss carry-forwards and other tax assets; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. As a result of the assessment made, the Group has recognized deferred tax assets amounting to TL 4.244.512 in certain entities because it is probable that taxable profit will be available sufficient to recognize deferred tax assets in those entities (2012: TL 4.060.370).

Fair values of derivative instruments and other financial instruments

The Group determines the fair values of its financial instruments without an active market using various market information for similar transactions, similar instruments with fair values and discounted cash flow analysis. Discounted cash flow analysis is applied with 7.1% discount rate for G-New and 8.2% discount rate for Godiva Belgium which are Group's financial investments.

A change in discount rate by 1%, effects the fair value of G New and Godiva Belgium amounting to TL 9.346.245.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.7 Summary of Financial Information Related to Subsidiaries:**

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group as of 31 December 2013 and 2012.

**Ülker Çikolata Sanayi A.Ş.**

	<b>2013</b>	<b>2012</b>
Total assets	524.274.137	702.402.546
Total liabilities	191.757.162	397.437.237
Total shareholders' equity	332.516.975	304.965.309
Revenue	938.529.940	776.035.799
Net profit for the year	102.014.897	96.405.681
Cash flow provided from operating activities	86.196.051	114.236.669
Cash flow provided from investment activities	40.669.970	172.835.073
Cash flow used in financing activities	(276.589.084)	(145.703.603)

**Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş. (\*)**

	<b>2013</b>	<b>2012</b>
Total assets	530.351.621	449.093.617
Total liabilities	334.809.498	273.151.994
Total shareholders' equity	195.542.123	175.941.623
Revenue	826.796.780	669.230.767
Net profit for the year	48.909.255	35.330.541
Cash flow provided from operating activities	98.755.296	11.862.000
Cash flow used in investment activities	(3.557.102)	(32.520.410)
Cash flow used in financing activities	(13.885.092)	40.670.230

(\*) Contains summary of financial information after consolidation adjustments.

**3. BUSINESS COMBINATIONS**

Reform Gıda Paz. San. ve Tic. A.Ş. which was acquired from Yıldız Holding A.Ş. on 18 February 2013 was fully consolidated with scope of transaction under common controls in the consolidated financial statements as of 1 January 2013.

Atlantik Gıda Pazarlama ve Ticaret A.Ş. which was fully consolidated in the consolidated financial statements in the previous years was acquired on 15 November 2012 and consolidated under Ülker Çikolata Sanayi A.Ş.

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**4. SEGMENTAL INFORMATION**

The Group's core business activities are manufacturing and marketing of biscuit, chocolate coated biscuit, wafer, cake and chocolate. The reports reviewed routinely by the decision makers of the Group comprise consolidated financial information of Ülker Bisküvi Sanayi A.Ş. and its subsidiaries.

Since the Group has operations in only one area and the decision makers use the consolidated financial information, segmental reporting in accordance with TFRS 8 have not been provided in the these consolidated financial statements.

**5. CASH AND CASH EQUIVALENTS**

	<b>2013</b>	<b>2012</b>
Cash	25.443	3.797
Demand deposits	9.056.986	13.917.225
Time deposits (*)	1.154.745.091	1.252.969.855
Cheques received	555.638	837.194
	<b><u>1.164.383.158</u></b>	<b><u>1.267.728.071</u></b>

(\*)Time deposits consist of overnight amounting to TL 1.150.297.129 (31 December 2012: TL 1.249.169.924).

Details of time deposits are shown below:

<b>Currency Type</b>	<b>Weighted Average Effective Interest Rate (%)</b>	<b>Maturity</b>	<b>2013</b>
TL		January-February	
	8.94%	2014	145.138.421
USD	1.86%	January 2014	686.297.216
EUR	0.20%	January 2014	323.309.454
			<b><u>1.154.745.091</u></b>

<b>Currency Type</b>	<b>Weighted Average Effective Interest Rate (%)</b>	<b>Maturity</b>	<b>2012</b>
TL	8.32%	January 2013	117.859.499
USD	2.49%	January 2013	819.293.160
EUR	2.90%	January 2013	315.817.196
			<b><u>1.252.969.855</u></b>

**6. FINANCIAL INVESTMENTS**

<b>Short Term Financial Investments:</b>	<b>2013</b>	<b>2012</b>
Available for sale financial assets	611.476	2.963.016
	<b><u>611.476</u></b>	<b><u>2.963.016</u></b>

<b>Long Term Financial Investments:</b>	<b>2013</b>	<b>2012</b>
Available for sales financial assets	464.661.239	326.344.908
	<b><u>464.661.239</u></b>	<b><u>326.344.908</u></b>

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**6. FINANCIAL INVESTMENTS (cont'd)**

<b>Long Term Available for Sale Financial Investments</b>	<b>Share %</b>	<b>2013</b>	<b>Share %</b>	<b>2012</b>
G New, Inc	19.23%	148.876.952	19.23%	124.240.079
Godiva Belgium BVBA	19.23%	289.715.942	19.23%	175.584.561
BİM Birleşik Mağazalar A.Ş.	0.20%	25.825.951	0.20%	26.140.536
Other		242.394		379.732
		<b>464.661.239</b>		<b>326.344.908</b>

Available for sale financial assets are presented at their fair values. The difference of TL 254.670.905 (2012: TL 123.114.916) in the fair values of such assets has been presented in other comprehensive income under equity.

As the expected value gaps for available for sale financial assets of TL 242.394 (2012: TL 379.732) that are not traded in an active market are high and expected values are not reliably measured, these have been presented at historical cost in accompanying consolidated financial statements.

**7. FINANCIAL LIABILITIES**

	<b>2013</b>	<b>2012</b>
Short Term Liabilities	150.942.003	133.999.730
Short Term Portion of Long Term Liabilities	1.098.791.211	480.427.663
Long Term Liabilities	9.851.176	886.525.280
	<b>1.259.584.390</b>	<b>1.500.952.673</b>
<b>Short Term Liabilities</b>	<b>2013</b>	<b>2012</b>
Bank Loans	150.942.003	133.999.730
	<b>150.942.003</b>	<b>133.999.730</b>
<b>Short Term Portion of Long Term Liabilities</b>	<b>2013</b>	<b>2012</b>
Bank Loans	1.093.534.286	472.373.355
Financial Lease Payables	5.256.925	8.054.308
	<b>1.098.791.211</b>	<b>480.427.663</b>
<b>Long Term Liabilities</b>	<b>2013</b>	<b>2012</b>
Bank Loans	9.788.823	882.244.318
Financial Lease Payables	62.353	4.280.962
	<b>9.851.176</b>	<b>886.525.280</b>

Details of Group's syndication loans are as follows;

Syndication loan consists of two credit trenches which are USD 138.280.000 and EUR 134.850.000. 14 international banks joined to the syndication. Effective interest rate for both credit trenches is Libor + 3,4% and the maturity date is November 2014. Principal payments of the loans are repaid at maturity with semi-annual interest payments.

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**7. FINANCIAL LIABILITIES (cont'd)**

The covenants which belong to syndication loan are as follows;

a) **Leverage:** The ratio of the consolidated net debt at balance sheet date to the consolidated EBITDA (Earnings before interest,tax,depreciation and amortization) in the valid period should not be over 3 to 1.

b) **Interest Coverage:** Consolidated interest coverage ratio of the Group should be at least 3 to 1.

In current year, the consolidated financial statements of the Group comply with the covenants of the syndication loan agreement.

**2013**

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted Average Interest Rate (%)</u>	<u>Short Term</u>	<u>Long Term</u>
TL	Spot	Spot	4.370.289	-
EUR	February 2014-November 2014	2.89%	783.805.171	-
USD	February 2014-April 2015	3.92%	456.300.829	9.788.823
			<b><u>1.244.476.289</u></b>	<b><u>9.788.823</u></b>

**2012**

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted Average Interest Rate (%)</u>	<u>Short Term</u>	<u>Long Term</u>
TL	Spot	Spot	2.170.443	-
EUR	April 2013 - April 2015	3.95%	17.477.202	371.921.590
USD	January 2013 - December 2014	3.22%	586.725.440	510.322.728
			<b><u>606.373.085</u></b>	<b><u>882.244.318</u></b>

Repayment schedule of bank loans are as follows:

	<u>2013</u>	<u>2012</u>
To be paid within 1 year	1.244.476.289	606.373.085
To be paid within 1-2 years	9.788.823	874.404.926
To be paid within 2-3 years	-	7.839.392
	<b><u>1.254.265.112</u></b>	<b><u>1.488.617.403</u></b>

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**7. FINANCIAL LIABILITIES (cont'd)**

a) The detail of short term financial lease payables is as follows:

<b>Short-Term Financial Lease Payables</b>	<b>2013</b>	<b>2012</b>
Financial lease payables	5.376.313	8.491.321
Deferred financial lease payables costs (-)	(119.388)	(437.013)
	<b>5.256.925</b>	<b>8.054.308</b>

b) The detail of long term financial lease payables is as follows:

<b>Long-Term Financial Lease Payables</b>	<b>2013</b>	<b>2012</b>
Financial lease payables	69.587	4.382.782
Deferred financial lease payables costs (-)	(7.234)	(101.820)
	<b>62.353</b>	<b>4.280.962</b>

Repayment schedule of financial lease payables is as follows:

	<b>2013</b>	<b>2012</b>
To be paid within 1 year	5.256.925	8.054.308
To be paid within 1-2 years	62.353	4.231.026
To be paid within 2-3 years	-	49.936
	<b>5.319.278</b>	<b>12.335.270</b>

As of 31 December 2013 TL 3.469 of financial lease payables are due to Fon Finansal Kiralama A.Ş., which is a related party (2012: TL 736.602).

**8. OTHER FINANCIAL LIABILITIES**

	<b>2013</b>	<b>2012</b>
Short term derivative financial liabilities	-	409.549
	<b>-</b>	<b>409.549</b>

**9. TRADE RECEIVABLES AND PAYABLES**

<b>Due from Related Parties</b>	<b>2013</b>	<b>2012</b>
Due from related parties (Note 32)	446.815.319	433.197.344
	<b>446.815.319</b>	<b>433.197.344</b>
<b>Other Trade Receivables</b>		
Trade receivables	175.211.204	124.901.079
Notes receivables	34.664.418	47.033.200
Provision for doubtful receivables	(6.222.135)	(6.494.812)
Discount of trade receivables	(1.698.738)	(1.484.232)
	<b>201.954.749</b>	<b>163.955.235</b>
<b>Total Short Term Trade Receivables</b>	<b>648.770.068</b>	<b>597.152.579</b>

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**9. TRADE RECEIVABLES AND PAYABLES (cont'd)**

Trade receivables are disclosed at discounted net realizable value using the effective yield method. Net realizable value has been calculated over discount rate of 8% (2012: 8%) based on the Group's cash sales. The provision for trade receivables is provided for based on the estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

The movement of the allowance for doubtful receivables as of 31 December 2013 and 2012 is as follows;

	<u>2013</u>	<u>2012</u>
Opening balance	(6.494.812)	(4.164.191)
Charge for the period	(37.454)	(3.511.894)
Provisions released	201.484	890.539
Collections	108.647	290.734
Closing balance	<u><b>(6.222.135)</b></u>	<u><b>(6.494.812)</b></u>

Description on the level and nature of the risks related to trade receivables is provided in note 33.

<b>Short Term Trade Payables</b>	<u>2013</u>	<u>2012</u>
Due to related parties (Note 32)	273.321.957	247.377.711
Trade payables	235.142.437	223.771.841
	<u><b>508.464.394</b></u>	<u><b>471.149.552</b></u>

Trade payables are disclosed at discounted net realizable value using the effective yield method. Net realizable value has been calculated over discount rate of 8% (2012: 8%) based on the Group's cash sales.

**10. OTHER RECEIVABLES AND PAYABLES**

	<u>2013</u>	<u>2012</u>
<b>Other Receivables</b>		
Due from related parties (Note 32)	3.417.357	131.398.216
Short term other receivables	16.860.567	8.463.471
	<u><b>20.277.924</b></u>	<u><b>139.861.687</b></u>
<b>Other Short Term Receivables</b>		
VAT receivables	6.886.001	5.558.315
Deposits and guarantees given	318.056	21.018
Receivables from personnel	352.662	567.352
Receivables from tangible asset sales	8.872.318	-
Other	431.530	2.316.786
	<u><b>16.860.567</b></u>	<u><b>8.463.471</b></u>

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**10. OTHER RECEIVABLES AND PAYABLES (cont'd)**

<b>Other Long Term Receivables</b>	<b>2013</b>	<b>2012</b>
Deposits and guarantees given	161.464	125.282
	<b>161.464</b>	<b>125.282</b>

<b>Other Payables</b>	<b>2013</b>	<b>2012</b>
Non-trade payables to related parties (Note 32)	86.857	253.281
Other short term payables	344.940	4.805.214
	<b>431.797</b>	<b>5.058.495</b>

Description on the level and nature of the risks related to other receivables is provided in note 33.

**11. INVENTORIES:**

Details of inventory are as follows;

	<b>2013</b>	<b>2012</b>
Raw materials	79.436.010	68.702.310
Work in progress	8.341.511	6.564.795
Finished goods	101.979.209	102.881.574
Trade goods	2.771.255	8.582.907
Other inventories	10.584.281	8.565.489
Allowance for impairment on inventory (-)	(4.790.533)	(9.147.920)
	<b>198.321.733</b>	<b>186.149.155</b>

Inventory is presented on cost value and allowance for impairment is booked for inventory valuing lower than cost.

The movement of allowance for impairment on inventory for the years ended on 31 December 2013 and 31 December 2012 are below:

	<b>2013</b>	<b>2012</b>
Opening balance	(9.147.920)	(2.929.611)
Charge for the year	(240.539)	(6.218.309)
Used allowance	4.597.926	-
Closing balance	<b>(4.790.533)</b>	<b>(9.147.920)</b>

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**12. INVESTMENT PROPERTIES**

	<b>2013</b>	<b>2012</b>
Opening balance	30.460.000	-
Transfer to investment properties	-	7.555.084
Valuation fund accounted under equity	-	22.081.916
Net gain from fair value adjustments classified profit or loss	220.000	823.000
Disposal	(20.645.000)	-
Closing balance	<b>10.035.000</b>	<b>30.460.000</b>

The fair value of the Group's investment properties at 31 December 2013 has been calculated on the basis of a valuation carried out at that date by 6 December 2013 and 18 December 2012, by independent valuers not related to the Group. EVA Gayrimenkul Değerleme Danışmanlık A.Ş. is one of the accredited independent valuers by Capital Markets Board of Turkey, and has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation, which conforms to International Valuation Standards, based on market evidence of transaction prices for similar properties.

The rent income earned by the Group from its investment properties amounting to TL 581.968 (2012: TL 178.461) within the current period. Direct operating expenses arising from the investment properties in the current period amounting to TL 94.132 (2012: 134.757 TL).

The Group has sold the warehouse that is located Bayrampaşa/İstanbul, amounting to TL 17.118.094 on 30 July 2013.

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**13. TANGIBLE ASSETS**

Movement of tangible assets between 1 January 2013 and 31 December 2013 is as follows:

<b>Cost</b>	<b>1 January 2013</b>	<b>Addition</b>	<b>Disposal</b>	<b>Addition to scope of consolidation</b>	<b>Transfers (Note 14)</b>	<b>31 December 2013</b>
Land	8.376.659	-	(5.000.000)	-	-	3.376.659
Land improvements	6.247.149	218.343	-	-	18.529	6.484.021
Buildings	251.413.316	311.242	(12.649.602)	-	3.629.014	242.703.970
Machinery, plant and equipment	680.430.113	22.939.760	(10.838.263)	3.201.591	38.625.881	734.359.082
Vehicles	1.134.736	26.909	(52.591)	-	-	1.109.054
Furniture and fixture	43.157.448	1.810.320	(1.475.205)	-	760.017	44.252.580
Leasehold improvements	19.655.248	1.488.838	(5.130.616)	-	-	16.013.470
Other tangible assets	1.396	-	-	-	-	1.396
Construction in progress	12.654.101	50.973.591	(932.995)	-	(43.267.229)	19.427.468
	<b>1.023.070.166</b>	<b>77.769.003</b>	<b>(36.079.272)</b>	<b>3.201.591</b>	<b>(233.788)</b>	<b>1.067.727.700</b>
<b>Accumulated Depreciation</b>	<b>1 January 2013</b>	<b>Charge for the Year</b>	<b>Disposal</b>	<b>Addition to scope of consolidation</b>	<b>Transfers</b>	<b>31 December 2013</b>
Land improvements	(2.254.779)	(308.929)	-	-	-	(2.563.708)
Buildings	(61.205.894)	(7.376.112)	1.418.179	-	-	(67.163.827)
Machinery, plant and equipment	(386.987.793)	(34.389.867)	5.385.082	(817.420)	-	(416.809.998)
Vehicles	(1.040.694)	(59.590)	49.025	-	-	(1.051.259)
Furniture and fixture	(36.847.749)	(1.842.131)	1.414.115	-	-	(37.275.765)
Leasehold improvements	(10.428.953)	(910.709)	1.036.022	-	-	(10.303.640)
Other tangible assets	(1.396)	-	-	-	-	(1.396)
	<b>(498.767.258)</b>	<b>(44.887.338)</b>	<b>9.302.423</b>	<b>(817.420)</b>	<b>-</b>	<b>(535.169.593)</b>
<b>Net Book Value</b>	<b>524.302.908</b>					<b>532.558.107</b>

From depreciation and amortization expenses, TL 46.489.626 (2012: TL 42.184.241) is included in cost of goods sold, TL 247.693 TL (2012: TL 153.758) is included in research and development expenses, TL 2.237.258 (2012: TL 1.781.298) is included in marketing and selling expenses and TL 2.811.377 (2012: TL 3.637.499) is included in general and administrative expenses.

There are not any fixed assets acquired through financial leasing in the current period. There is not any mortgage or collateral on tangible assets in the current period.

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**13. TANGIBLE ASSETS (cont'd)**

Movement of tangible assets between 1 January 2012 and 31 December 2012 is as follows:

<b>Cost</b>	<b>1 January 2012</b>	<b>Addition</b>	<b>Disposal</b>	<b>Transfer to investment properties</b>	<b>Transfers (Note 14)</b>	<b>31 December 2012</b>
Land	9.566.659	-	-	-	(1.190.000)	8.376.659
Land improvements	6.022.168	224.981	-	-	-	6.247.149
Buildings	255.837.155	851.159	(610.333)	(6.051.329)	1.386.664	251.413.316
Machinery, plant and equipments	626.368.027	14.715.785	(5.175.805)	-	44.522.106	680.430.113
Vehicles	1.721.090	-	(586.354)	-	-	1.134.736
Furniture and fixtures	43.753.923	1.752.779	(2.676.437)	-	327.183	43.157.448
Leasehold improvements	21.356.289	251.717	(81.836)	(4.114.104)	2.243.182	19.655.248
Other tangible assets	2.502	-	(1.484)	-	378	1.396
Constructions in progress	37.162.602	22.806.167	(13.838)	-	(47.300.830)	12.654.101
	<b>1.001.790.415</b>	<b>40.602.588</b>	<b>(9.146.087)</b>	<b>(10.165.433)</b>	<b>(11.317)</b>	<b>1.023.070.166</b>
<b>Accumulated Depreciation</b>	<b>1 January 2012</b>	<b>Charge for the Year</b>	<b>Disposal</b>	<b>Transfer to investment properties</b>	<b>Transfers</b>	<b>31 December 2012</b>
Leasehold improvements	(1.963.682)	(291.097)	-	-	-	(2.254.779)
Buildings	(55.406.480)	(7.353.375)	239.390	1.314.571	-	(61.205.894)
Machinery, plant and equipments	(352.463.520)	(37.190.667)	2.666.394	-	-	(386.987.793)
Vehicles	(1.558.321)	(68.490)	586.117	-	-	(1.040.694)
Furniture and fixtures	(37.417.246)	(1.776.207)	2.345.704	-	-	(36.847.749)
Leasehold improvements	(10.999.708)	(782.192)	57.169	1.295.778	-	(10.428.953)
Other tangible assets	(2.206)	(674)	1.484	-	-	(1.396)
	<b>(459.811.163)</b>	<b>(47.462.702)</b>	<b>5.896.258</b>	<b>2.610.349</b>	<b>-</b>	<b>(498.767.258)</b>
<b>Net Book Value</b>	<b>541.979.252</b>					<b>524.302.908</b>

There are no any fixed assets acquired through financial leasing between 1 January-December 2012. There is no any mortgage or collateral on tangible assets in the prior period.

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**13. TANGIBLE ASSETS (cont'd)**

The estimated useful lives of tangible assets are as follow:

	Useful Life
Buildings	25 – 50 years
Land improvements	10 – 50 years
Machinery, plant and equipments	4 – 15 years
Vehicles	4 – 10 years
Other tangible assets	4 – 10 years
Furniture and fixtures	3 – 10 years
Leasehold improvements (*)	During rent period

(\*)Leasehold improvements consists of the expenses related to property. In the condition of the useful life is longer than the rent period the property is amortized based on rent period. On the other hand, the useful life is shorter than the rent period the property is amortized based on its useful life. The useful lives of leasehold improvements for the years ended 31 December 2013 and 2012 are between 5 to 10 years.

**14. INTANGIBLE ASSETS**

Movement of intangible assets between 1 January 2013 and 31 December 2013 is as follows:

Cost	1 January 2013	Addition	Disposal	Transfers (Note 13)	31 December 2013
Rights	1.895.364	31.099	-	230.657	2.157.120
Other intangible assets	1.047.549	118.666	(27.871)	3.131	1.141.475
	<b>2.942.913</b>	<b>149.765</b>	<b>(27.871)</b>	<b>233.788</b>	<b>3.298.595</b>

  

Accumulated Amortization	1 January 2013	Charge of the Year	Disposal	Transfers	31 December 2013
Rights	(1.535.567)	(132.766)	-	-	(1.668.333)
Other intangible assets	(732.907)	(133.621)	27.855	-	(838.673)
	<b>(2.268.474)</b>	<b>(266.387)</b>	<b>27.855</b>	<b>-</b>	<b>(2.507.006)</b>

  

<b>Net Book Value</b>	<b>674.439</b>				<b>791.589</b>
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Movement of intangible assets between 1 January 2012 and 31 December 2012 is as follows:

Cost	1 January 2012	Addition	Transfers	31 December 2012
Rights	1.672.642	222.722	-	1.895.364
Other intangible assets	910.417	125.815	11.317	1.047.549
	<b>2.583.059</b>	<b>348.537</b>	<b>11.317</b>	<b>2.942.913</b>

  

Accumulated Amortization	1 January 2012	Charge of the Year	Transfers	31 December 2012
Rights	(1.338.752)	(196.815)	-	(1.535.567)
Other intangible assets	(635.628)	(97.279)	-	(732.907)
	<b>(1.974.380)</b>	<b>(294.094)</b>	<b>-</b>	<b>(2.268.474)</b>

  

<b>Net Book Value</b>	<b>608.679</b>			<b>674.439</b>
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**14. INTANGIBLE ASSETS (cont'd)**

The intangible assets are amortized on a straight-line basis over their estimated useful lives.

	<u>Useful Life</u>
Rights	2 – 15 years
Other intangible assets	2 – 12 years

**15. GOVERNMENT GRANTS AND INCENTIVES**

Export operations and other foreign exchange activities performed under fundamentals and methods identified by Ministry of Finance and Undersecretariat of foreign trade are exempt from stamp duty and transaction stamps. Government grants are given for supporting foreign fair attendance with respect to the Credit Coordination Committee's decision at 16 December 2004 with number 2004/11 which is prepared with respect to the decision Government Grants for Export. Group is also benefiting from tax incentive for export of the agricultural products with respect to the Credit Coordination Committee's decision of 20/6 "Export return on Agricultural Products" 2000/5.

Group is benefiting from the energy and employment support incentives with respect to the "Law related with change in grants for investment and employment support, decision number 5084" effective from 6 February 2004 and published in formal journal, with the intention of applying insurance and tax premium incentives, supplying energy support and acquiring free of charge land and property for investments in order to increase investments and employment.

Group has received government incentives amounting TL 14.994.642 in current year (2012: TL 16.672.352). This benefit, regarded as government incentives, is explained in note 2. In current year the amount related to law 5084; TL 1.383.386 is from exports of agricultural product grants, TL 10.405.731 is from employment grants, TL 3.205.525 is from other grants (2012: TL 222.032 from energy grants, TL 9.156.281 from employment grants, TL 7.294.039 from other grants).

Incentive of TL 135.000.000 has been approved by Ministry of Economy at 19 November 2013 with respect to the expansion and product diversification investment of Ülker Bisküvi San. A.Ş Gebze Factory. The investment is planned to complete until 11 November 2017. Material part of the current year government incentive has used in current year corporate tax and the remaining balance has been considered as an immaterial in a consolidated financial statements.

**16. OTHER PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

<b>Short Term Debt Provisions</b>	<u>2013</u>	<u>2012</u>
Provisions for returns	2.568.884	5.644.363
Provisions for lawsuits	3.772.686	4.102.508
Other	2.358.055	2.243.369
	<b><u>8.699.625</u></b>	<b><u>11.990.240</u></b>

Movement for lawsuit provisions for December 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Opening balance	4.102.508	1.872.274
Charge for the period	1.106.882	3.407.068
Reversal of provisions	(1.092.903)	(958.528)
Payment/relinquishment (-)	(343.801)	(218.306)
	<b><u>3.772.686</u></b>	<b><u>4.102.508</u></b>

A significant portion of the lawsuit provisions as of 31 December 2013 and 2012 is related to legal filings made by the personnel.

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**16. OTHER PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)**

**a) Guarantees Given**

(Balances denominated in foreign currencies have been presented in their original currency)

	2013		2012	
	TL	USD	TL	USD
A) CPM's given in the name of own legal personality	60.003.938	64.900	103.588.583	802.858
B) CPM's given on behalf of the fully consolidated companies	-	-	-	-
C) CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D) Total amount of other CPM's given	-	-	-	-
i. Total amount of CPM's given on behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
<b>Total</b>	<b>60.003.938</b>	<b>64.900</b>	<b>103.588.583</b>	<b>802.858</b>

**b) Lawsuits Filed by and Against to the Group**

ba) As of 31 December 2013;

Lawsuits filed by the Group:

	TL	USD	EUR
Compensation litigations	230.000	-	-
Foreclosure litigations	17.286.710	7.100.000	107.252
Tax litigations (*)	10.467.551	-	-
Action of debts	75.674	3.404.577	-
Penalty litigations	921.392	-	-
	<b>28.981.327</b>	<b>10.504.577</b>	<b>107.252</b>

(\*) Main part of tax litigations consist of litigations related to VAT receivables.

Lawsuits filed against to the Group (\*):

	TL	USD
Action of debts	931.145	400.000
Foreclosure litigations	67.066	-
Compensation litigations	3.106.117	-
	<b>4.104.328</b>	<b>400.000</b>

(\*)The provision of TL 3.772.686 has been accounted for various court cases filed against the Group. For the rest of the lawsuits no provision was recognised because no cash outflow is projected for those (2012: TL 4.102.508).

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**16. OTHER PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)**

**b) Lawsuits Filed by and Against to the Group (cont'd)**

bb) As of 31 December 2012;

Lawsuits filed by the Group:

	<b>TL</b>	<b>USD</b>
Compensation litigations	260.000	-
Foreclosure litigations	18.303.490	7.100.000
Tax litigations (*)	5.439.855	-
Action of debts	73.131	3.404.577
Penalty litigations	11.875	-
	<b>24.088.351</b>	<b>10.504.577</b>

(\*) Main part of tax litigations consist of litigations related to VAT receivables.

Lawsuits filed against to the Group:

	<b>TL</b>	<b>USD</b>
Action of debts	2.517.308	400.000
Foreclosure litigations	342.642	-
Compensation litigations	1.558.514	-
	<b>4.418.464</b>	<b>400.000</b>

**Operational Leasing Agreements**

The operating leases cover a one year period. All operational leasing agreements include a clause allowing the re-arrangement of the terms of the lease had the lessee renewed the contract under the current market conditions. The lessee does not have a right to purchase the asset at the end of the term.

Group's rental income from its operational leasing agreements for assets leased is TL 7.298.438 during the current year (2012: TL 6.072.534). In the current year operational leasing expenses are TL 2.808.924 (2012: TL 1.826.690). Due to non-cancellable rent agreements, the Group's rental revenue to be received in the future periods is TL 6.638.301 (2012: TL 6.963.629) and are all to be realized in a one year period. Due to non-cancellable rent agreements, the Group's rent payments to be incurred in the future periods is TL 1.474.344 (2011: TL 2.215.193) and are all payable in a one year period.

**17. COMMITMENTS AND OBLIGATIONS**

The Group's export commitments amount to USD 306.631.805 as of 31 December 2013 (2012: USD 321.050.247). The average period of export commitments are 2 years. If the export commitments will not be fulfilled, the Group will loss the tax advantage. All of the export commitments in 2012 have been realized and there is not any issue for export commitments realization in 2013.

**18. SHORT AND LONG TERM EMPLOYEE BENEFITS**

<b>Short Term Liabilities for Employee Benefits</b>	<b>2013</b>	<b>2012</b>
Unused vacation accrual	7.658.170	6.202.714
Performance premium accrual	6.614.891	5.442.225
	<b>14.273.061</b>	<b>11.644.939</b>
<b><u>Movement of Unused Vacation Provision</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Opening balance	6.202.714	5.636.690
Decrease in period	(4.448.796)	(4.398.128)
Increased in period	5.904.252	4.964.152
<b>Closing balance</b>	<b>7.658.170</b>	<b>6.202.714</b>

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**18. EMPLOYEE BENEFITS (cont'd)**

<b><u>Movement of Performance Premium Provision</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Opening balance	5.442.225	4.824.006
Cash payments in period	(6.756.183)	(4.824.006)
Increased in period	7.928.849	5.442.225
<b>Closing balance</b>	<b><u>6.614.891</u></b>	<b><u>5.442.225</u></b>

<b>Long Term Liabilities for Employee Benefits</b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Provision for employee termination benefits	23.380.797	20.283.290
	<b><u>23.380.797</u></b>	<b><u>20.283.290</u></b>

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each entitled employee. Also, employees are entitled to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to of the prevailing 506 numbered Social Insurance Law's Article 60, as amended by 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered laws. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002. The amount payable consists of one month's salary limited to a maximum of TL 3.254,44 for each period of service as of 31 December 2013 (2012: TL 3.033,98).

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2013, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 7.4% and a discount rate of 11.2%, resulting in a real discount rate of approximately 3.57% (2012: 3.57%). The maximum liability is revised semi annually. The basis considered in calculating the provisions is the amount of maximum liability of TL 3.438,22 which became effective as of 1 January 2013.

As of 2013 year end, the probability of resignation of employees is 3.9% (2012: 3.6%).

Movement of provision for employee termination benefits is as below;

	<b><u>2013</u></b>	<b><u>2012</u></b>
Opening balance	20.283.290	18.866.864
Services cost	10.286.217	9.636.391
Interest cost	724.113	565.296
Actuarial loss / gain	(746.680)	1.586.355
Cash payments during year	(7.166.143)	(10.371.616)
<b>Closing balance</b>	<b><u>23.380.797</u></b>	<b><u>20.283.290</u></b>

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**19. PREPAID EXPENSES**

<b>Short Term Prepaid Expenses</b>	<b>2013</b>	<b>2012</b>
Advances given	45.588.569	14.354.145
Prepaid expenses	101.662	1.361.684
Other	1.745.975	426.296
	<b>47.436.206</b>	<b>16.142.125</b>

<b>Long Term Prepaid Expenses</b>	<b>2013</b>	<b>2012</b>
Advances given	20.903.238	12.087.943
Prepaid expenses	88.074	33.258
	<b>20.991.312</b>	<b>12.121.201</b>

**20. EMPLOYEE BENEFITS RELATED LIABILITIES**

	<b>2013</b>	<b>2012</b>
Payables to personnel	11.360.308	10.194.957
Social security premiums payable	6.356.514	5.003.307
	<b>17.716.822</b>	<b>15.198.264</b>

**21. OTHER ASSET AND LIABILITIES**

<b>Other Current Asset</b>	<b>2013</b>	<b>2012</b>
VAT carried forward	44.300.846	41.365.810
Other VAT	2.271.062	3.002.094
Other asset	252.363	77.915
	<b>46.824.271</b>	<b>44.445.819</b>

<b>Other Current Liabilities</b>	<b>2013</b>	<b>2012</b>
Advances received	7.794.298	5.996.958
Taxes and fund payable	7.733.719	5.367.066
Other liabilities	261.609	300.416
	<b>15.789.626</b>	<b>11.664.440</b>

<b>Other Non-Current Liabilities</b>	<b>2013</b>	<b>2012</b>
Other non-current liabilities	35.571	185.833
	<b>35.571</b>	<b>185.833</b>

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**22. SHAREHOLDERS' EQUITY**

**a) Capital Structure**

The composition of the Company's paid-in share capital as of 31 December 2012 and 2011 is as follows:

Shareholders	2013		2012	
	Amount	Share	Amount	Share
Yıldız Holding A.Ş.	166.967.458	48,82%	151.778.531	44,38%
Yıldız Holding A.Ş. Subsidiaries and Ülker Family	38.888.808	11,37%	73.308.031	21,43%
Dynamic Growth Fund	-	-	48.220.722	14,10%
Other	136.143.734	39,81%	68.692.716	20,09%
	<b>342.000.000</b>	<b>100,00%</b>	<b>342.000.000</b>	<b>100,00%</b>

**b) Valuation Funds**

Financial Asset Valuation Fund:

Financial Asset Valuation Fund is generated from the valuation of available for sale instruments with their fair values. When a financial asset valued at its fair value is disposed, the related portion in the valuation fund is directly recognized in that period's profit and loss. When a financial instrument is revalued and a decrease in value is observed, the related portion in the valuation fund is directly recognized in that period's profit and loss.

As of 31 December 2013 the Group has a financial asset valuation fund of TL 254.670.905 (2012: TL 123.114.916).

Investment Property Valuation Fund:

Properties accounted as fixed assets in previous periods, might be transferred to investment property due to changes in usage patterns. In this way in 2012, Group classified some of the real estate properties as investment property and preferred to book under fair value method. Accordingly, the increase in the fair value amounting to TL 22.081.916 during the first transfer, has been accounted as the increase in the fair value under equity. In the following period, the increase in fair value due to the increase in the fair value of real estate amounting to TL 220.000 in 2013 and TL 823.000 in 2012 have been accounted under the income statement. As of 30 July 2013, the disposal of valuation fund amounting to TL 15.405.576 has been realized due to sales of investment property.

**c) Restricted Reserves Appropriated from Profit**

Restricted reserves appropriated from profit are composed of legal reserves. Legal reserves comprise of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. According to the Turkish Commercial Code, legal reserves can be only used to offset losses unless they exceed the 50% of paid-in capital. Other than that, legal reserves must not be used whatsoever.

In accordance with the CMB's requirements which were effective until 1 January 2008, the amount generated from the first-time application of inflation adjustments on financial statements, and followed under the "accumulated loss" item was taken into consideration as a reduction in the calculation of profit distribution based on the inflation adjusted financial statements within the scope of the CMB's regulation issued on profit distribution. The related amount that was followed under the "accumulated loss" item could also be offset against the profit for the period (if any) and undistributed retained earnings and the remaining loss amount could be offset against capital reserves arising from the restatement of extraordinary reserves, legal reserves and equity items, respectively.

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**22. SHAREHOLDERS' EQUITY (cont'd)**

**c) Restricted Reserves Appropriated from Profit (cont'd)**

In addition, in accordance with the CMB's requirements which were effective until 1 January 2008, at the first-time application of inflation adjustments on financial statements, equity items, namely "Capital issue premiums", "Legal reserves", "Statutory reserves", "Special reserves" and "Extraordinary reserves" were carried at nominal value in the balance sheet and restatement differences of such items were presented in equity under the "Shareholders' equity inflation restatement differences" line item in aggregate. "Shareholders' equity inflation restatement differences" related to all equity items could only be subject to the capital increase by bonus issue or loss deduction, while the carrying value of extraordinary reserves could be subject to the capital increase by bonus issue; cash profit distribution or loss deduction.

However, in accordance with the CMB's Decree Volume: XI; No: 29 issued on 1 January 2008 and other related CMB's announcements, "Paid-in capital", "Restricted reserves" and "Premium in excess of par" should be carried at their registered amounts in statutory records. Restatement differences (e.g. inflation restatement differences) arising from the application of the Decree should be associated with:

- "Capital restatement differences" account, following the "Paid-in capital" line item in the financial statements, if such differences are arising from "Paid-in Capital" and not added to capital;
- "Retained earnings/Accumulated loss", if such differences are arising from "Restricted reserves" and "Premium in excess of par" and has not been subject to profit distribution or capital increase.

Other equity items are carried at the amounts valued according to the CMB's Financial Reporting Standards.

Capital restatement differences can only be included in capital.

Profit Distribution:

Publicly listed companies distribute dividends in accordance with the requirements of CMB as explained below: In accordance with the Capital Markets Board's (the "Board") Decree issued on 23 January 2013, in relation to the profit distribution of earnings derived from the operations, minimum profit distribution is not required for listed companies, and accordingly, profit distribution should be made based on the requirements set out in the Board's Communiqué Serial:II, No: 19.1 "Principles of Dividend Advance Distribution of Companies That Are Subject To The CMB Regulations", terms of articles of corporations and profit distribution policies publicly disclosed by the companies.

Furthermore, based on the afore-mentioned decree, companies that are required to prepare consolidated financial statements should calculate their net distributable profits, to the extent that they can be recovered from equity in their statutory records, by considering the net profit for the period in the consolidated financial statements which are prepared and disclosed in accordance with the Communiqué Serial: XI, No: 29.

The Group realized dividend payments TL 172.673.511 (2012: TL 281.484.501) in the current period.

Legal Reserves and Share Issuance Premiums which are considered as legal reserves under the Turkish Commercial Code No: 466, have been presented at their values in legal books. Thus, the inflation adjustment differences from the valuation studies for IFRS purposes for those as of the balance sheet date that have not been subject to profit distribution or capital increase have been presented under retained earnings.

Resources Available for Profit Distribution:

The Group has in its legal books a profit for the period of TL 356.215.080 (2012: TL 436.125.813) that can be utilized for profit distribution. The Group has sufficient funds for profit distribution in the statutory financial statements

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**22. SHAREHOLDERS' EQUITY (cont'd)**

**d) Retained Earnings**

Details of retained earnings are as follows:

	<u>2013</u>	<u>2012</u>
Retained earnings	(477.354.121)	(611.542.752)
Extraordinary reserves	365.002	149.700.462
Inflation restatement differences of shareholders' equity accounts other than capital and legal reserves	(17.305.173)	(17.305.173)
Other reserves	600.619.014	604.553.046
	<u><b>106.324.722</b></u>	<u><b>125.405.583</b></u>

**e) Non-Controlling Interest/ Non-Controlling Interest Profit or Loss**

The amount of non-controlling interest as of 31 December 2013 is equal to TL 138.338.939 (2012: TL 122.302.124). The minority share of TL 38.682.116 on operating results for the current year has been presented separately from the profit for the same period in these consolidated statements of income. (2012: TL 28.605.931).

**23. REVENUE AND COST OF SALES**

**a) Revenue**

The detail of operating income is as follows:

	<u>2013</u>	<u>2012</u>
Domestic sales	3.058.811.904	2.628.870.326
Export sales	557.937.303	461.642.086
Sales returns and discounts (-)	(868.378.662)	(747.279.586)
<b>Sales Income (net)</b>	<u><b>2.748.370.545</b></u>	<u><b>2.343.232.826</b></u>

**b) Cost of Sales**

	<u>2013</u>	<u>2012</u>
Raw material used	(1.576.628.424)	(1.431.481.600)
Personnel expenses	(258.315.953)	(193.690.700)
Production overheads	(136.420.175)	(116.619.058)
Depreciation and amortization expenses	(45.810.137)	(42.184.241)
Change in work-in-progress inventories	1.776.716	2.070.626
Change in finished goods inventories	(902.365)	39.822.024
<b>Cost of merchandises sold</b>	<u><b>(2.016.300.338)</b></u>	<u><b>(1.742.082.949)</b></u>
Cost of trade goods sold	(98.759.935)	(95.898.985)
<b>Cost of sales</b>	<u><b>(2.115.060.273)</b></u>	<u><b>(1.837.981.934)</b></u>

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**24. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES**

	<u>2013</u>	<u>2012</u>
Research and development expenses	(13.396.585)	(8.900.058)
Marketing, selling and distribution expenses	(262.511.713)	(226.945.293)
General administrative expenses	(94.030.049)	(96.295.271)
	<u><b>(369.938.347)</b></u>	<u><b>(332.140.622)</b></u>

**25. EXPENSES BY NATURE**

The detail of operating expenses is as follow:

	<u>2013</u>	<u>2012</u>
<b>Research and Development Expenses</b>		
Personnel expenses	(2.412.237)	(2.429.009)
Materials used	(8.437.857)	(4.022.197)
Depreciation and amortization expenses	(247.693)	(153.758)
Other	(2.298.798)	(2.295.095)
	<u><b>(13.396.585)</b></u>	<u><b>(8.900.058)</b></u>
	<u>2013</u>	<u>2012</u>
<b>Marketing, Selling and Distribution Expenses</b>		
Personnel expenses	(28.067.702)	(25.604.285)
Outsourced benefits and services	(216.691.685)	(188.158.156)
Depreciation and amortization expenses	(2.237.258)	(1.781.298)
Rent expenses	(1.920.198)	(2.983.451)
Other	(13.594.870)	(8.418.103)
	<u><b>(262.511.713)</b></u>	<u><b>(226.945.293)</b></u>
	<u>2013</u>	<u>2012</u>
<b>General Administration Expenses</b>		
Personnel expenses	(39.973.213)	(41.774.853)
Operating expenses (*)	(36.920.199)	(38.900.006)
Depreciation and amortization expenses	(2.811.377)	(3.637.499)
Consultancy expenses	(504.584)	(318.985)
Tax, duties and levies	(956.465)	(1.212.395)
Other	(12.864.211)	(10.451.533)
	<u><b>(94.030.049)</b></u>	<u><b>(96.295.271)</b></u>
<b>Total Operating Expenses</b>	<u><b>(369.938.347)</b></u>	<u><b>(332.140.622)</b></u>

(\*)The operating expenses of the Group mainly comprise management support, information technology and administration expenses that are charged by Yıldız Holding.

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**26. OTHER OPERATING INCOME AND EXPENSES**

The detail of operating income is as follow:

	<u>2013</u>	<u>2012</u>
Foreign exchange gains	75.578.871	102.612.459
Financial income on credit sales	38.056.154	47.240.129
Discount income	3.150.950	4.749.655
Services income	2.073.227	3.348.575
Terminated provisions	1.852.487	1.193.561
Other income (*)	14.144.386	29.370.433
	<u><b>134.856.075</b></u>	<u><b>188.514.812</b></u>

(\*) Other income consists of other miscellaneous expenses.

The detail of operating expense is as follow:

	<u>2013</u>	<u>2012</u>
Foreign exchange losses	(49.406.297)	(81.428.469)
Financial expense from dated acquisition	(25.165.375)	(35.974.952)
Discount expenses	(4.706.685)	(3.222.652)
Provision expenses	(1.144.336)	(6.345.676)
Other expenses (*)	(5.201.669)	(10.487.158)
	<u><b>(85.624.362)</b></u>	<u><b>(137.458.907)</b></u>

(\*) Other expenses consist of other miscellaneous expenses.

**27. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES**

The detail of investment income is as follow:

	<u>2013</u>	<u>2012</u>
Foreign exchange gains	168.508.740	21.791.066
Interest income	37.794.133	63.493.102
Gain on sales of tangible assets	15.933.425	4.119.663
Rent income	7.373.538	6.974.552
Dividend income	434.426	579.296
Other income	222.088	3.326.094
	<u><b>230.266.350</b></u>	<u><b>100.283.773</b></u>

The detail of investment expenses is as follow:

	<u>2013</u>	<u>2012</u>
Foreign exchange losses	(19.227.795)	(78.134.986)
Loss on sales of tangible assets	(4.361.591)	(61.104)
Loss on sales of financial assets	-	(105.505)
	<u><b>(23.589.386)</b></u>	<u><b>(78.301.595)</b></u>

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**28. FINANCIAL INCOME**

	<b>2013</b>	<b>2012</b>
Foreign exchange gain	<u>52.271.455</u>	<u>62.129.715</u>
	<b><u>52.271.455</u></b>	<b><u>62.129.715</u></b>

**29. FINANCIAL EXPENSES**

	<b>2013</b>	<b>2012</b>
Foreign exchange and interest losses from financing	<u>(291.086.539)</u>	<u>(53.910.050)</u>
Other	<u>(1.349.214)</u>	<u>(10.832.938)</u>
	<b><u>(292.435.753)</u></b>	<b><u>(64.742.988)</u></b>

**30. TAX ASSET AND LIABILITIES (INCLUDING DEFERRED TAX ASSET AND LIABILITIES)**

The Group accounts deferred tax assets and liabilities for temporary timing differences rooted from differences between legal financial statements and financial statements prepared in accordance with TFRS. The differences in question are caused generally by the fact that some profit and loss accounts come up in different periods in legal financial statements and financial statements prepared in accordance with TFRS. These differences are specified below.

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, deferred tax positions of the firms with deferred tax assets is netted against those with deferred tax liabilities and reflected on a separate-entity basis.

The rate applied in the calculation of deferred tax assets and liabilities are %5,%10 and 20% (2012:%5, %,10 and 20%).

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**30. TAX ASSET AND LIABILITIES (INCLUDING DEFERRED TAX ASSET AND LIABILITIES (cont'd))**

**Deferred tax bases:**

	Deferred tax (assets)		Deferred tax liabilities	
	2013	2012	2013	2012
Indexation and useful life differences of tangible and intangible assets	-	-	143.786.202	142.065.713
Investment properties valuation differences	-	-	9.349.692	28.892.100
Marketable securities valuation differences	-	-	268.551.100	130.017.014
Profit margin elimination on inventories	(272.145)	(375.220)	-	-
Discount of trade receivables / payables (net)	(954.861)	(163.265)	-	1.104.578
Allowance of employee termination benefits	(23.380.797)	(20.283.291)	-	-
Provision of doubtful receivables	(5.813.744)	(6.105.319)	-	-
Previous year losses	(14.867.955)	(14.883.860)	-	-
Provision for lawsuits	(3.772.686)	(4.102.505)	-	-
Derivative financial liabilities	-	(409.550)	-	-
Other	(15.742.974)	(23.106.902)	-	-
	<b>(64.805.162)</b>	<b>(69.429.912)</b>	<b>421.686.994</b>	<b>302.079.405</b>

**Deferred tax assets / liabilities:**

	Deferred tax (assets)		Deferred tax liabilities	
	2013	2012	2013	2012
Indexation and useful life differences of tangible and intangible assets	-	-	28.757.239	28.413.142
Investment properties valuation differences	-	-	467.485	1.444.605
Marketable securities valuation differences	-	-	13.427.555	6.500.851
Profit margin elimination on inventories	(54.429)	(75.044)	-	-
Discount of trade receivables / payables (net)	(190.973)	(32.654)	-	220.915
Allowance of employee termination benefits	(4.676.160)	(4.056.658)	-	-
Provision of doubtful receivables	(1.162.749)	(1.221.064)	-	-
Previous year losses	(2.973.591)	(2.976.772)	-	-
Provision for lawsuits	(754.537)	(820.502)	-	-
Derivative financial liabilities	-	(81.910)	-	-
Other	(3.148.595)	(4.621.381)	-	-
	<b>(12.961.034)</b>	<b>(13.885.985)</b>	<b>42.652.279</b>	<b>36.579.513</b>

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**30. TAX ASSET AND LIABILITIES (INCLUDING DEFERRED TAX ASSET AND LIABILITIES (cont'd))**

<b><u>Movement of Deferred Tax Liabilities:</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Opening balance	22.693.528	108.983
Taxes netted from funds recognised under equity	7.072.045	5.928.115
Deferred tax expense	<u>(74.328)</u>	<u>16.656.430</u>
Closing balance	<b><u>29.691.245</u></b>	<b><u>22.693.528</u></b>

The Group calculated deferred tax assets of TL 14.867.955 for deductible financial losses in the consolidated financial statements for the current year (2012: TL 14.883.860). The maturities of these losses are as follows:

	<b><u>2013</u></b>	<b><u>2012</u></b>
2014	-	1.224.677
2015	-	4.084.417
2016	3.060.807	4.740.990
2017	6.616.884	4.833.776
2018	5.190.264	-
<b>Total</b>	<b><u>14.867.955</u></b>	<b><u>14.883.860</u></b>

**Corporate Tax**

The Company and its Turkish subsidiaries are subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 31 December 2013 is 20% (2012: %20).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2013 (2012: %20).

Losses are allowed to be carried five years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the profit occurred in the prior years retroactively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1st -25th of April following the close of the accounting year to which they relate. The companies with special accounting periods, file their tax returns between 1st-25th of fourth month after fiscal year end. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

**Income withholding tax**

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Ministers' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

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**30. TAX ASSET AND LIABILITIES (INCLUDING DEFERRED TAX ASSET AND LIABILITIES (cont'd))**

Since the Group did not assume any investment incentives, it has used 20% corporate tax rate.

Provision for taxation as of 31 December 2013 and 2012 is as follows:

	<b>2013</b>	<b>2012</b>
Current year corporate tax provision	(51.860.071)	(31.304.716)
Prepaid taxes and funds	40.388.418	29.741.757
Taxation in the balance sheet	<b>(11.471.653)</b>	<b>(1.562.959)</b>

	<b>2013</b>	<b>2012</b>
Current year corporate tax provision	51.860.071	31.304.716
Deferred tax income / loss	(74.328)	16.656.430
Taxation in the income statement	<b>51.785.743</b>	<b>47.961.146</b>

The reconciliation of provision for taxation as of 31 December 2013 and 2012 are as follows:

	<b>2013</b>	<b>2012</b>
<b>Reconciliation of taxation:</b>		
Profit before taxation and non-controlling interest	279.116.304	243.535.080
Effective tax rate	%20	%20
Calculated tax	55.823.261	48.707.016
Tax effects of:		
-Non-deductible expenses	652.721	4.099.390
-Dividend and other non-taxable income	(64.131)	(2.439.055)
-Other non-deductible gains / (losses)	(4.626.108)	(1.272.808)
-Consolidation adjustments	-	(1.133.397)
Taxation in the income statement	<b>51.785.743</b>	<b>47.961.146</b>

**31. EARNINGS PER SHARE**

A summary of the Group's weighted average number of shares outstanding as of 31 December 2013 and 2012 and computation of earnings per share set out here as follows:

	<b>2013</b>	<b>2012</b>
Weighted average number of common stock outstanding	34.200.000.000	34.200.000.000
Net profit	188.648.445	166.968.003
<b>Earnings per share (TL 1 per value each)</b>	<b>0,55</b>	<b>0,49</b>

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**32. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

a) The detail of receivables from related parties is as follows:

	<u>2013</u>	<u>2012</u>
Trade receivables	446.815.319	433.197.344
Non-trade receivables	3.417.357	131.398.216
	<u><b>450.232.676</b></u>	<u><b>564.595.560</b></u>

Trade receivables from related parties are mainly composed of sales transactions and approximate maturity is 2 months. Non-trade receivables are loans given to related parties, and interest is received as monthly based on effective market interest rate. The interest rate used in 31 December 2013 is 8% for TL, 4% for foreign currencies (2012: 8% for TL, 4% for foreign currencies).

The detail of trade and non-trade receivables from related parties is as follow:

	<u>2013</u>		<u>2012</u>	
	<u>Trade</u>	<u>Non-Trade</u>	<u>Trade</u>	<u>Non-Trade</u>
<b><i>Principle Shareholders</i></b>				
Yıldız Holding A.Ş.	-	905.012	-	123.077.866
<b><i>Other Companies Controlled by the Principle Shareholders</i></b>				
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş. (*)	220.716.160	-	201.853.482	-
Pasifik Tük. Ürün. Satış Ve Ticaret A.Ş.	131.726.060	-	116.892.120	-
Teközel Gıda T.Sağ. Mrk. Hiz. San. Tic. A.Ş.	39.587.999	-	28.694.568	-
Eksper Gıda Paz. San. ve Tic. A.Ş.	8.902.164	-	6.773.630	-
Hamle Company Ltd. (Kazakhstan)	5.875.462	2.321.999	42.315.570	-
Hero Gıda Sanayi ve Ticaret A.Ş.	4.065.122	-	7.217.513	-
KBF Limited	2.868.176	-	1.439.703	-
GF Lovell	179.940	-	2.291.071	-
Other	32.894.236	190.346	25.719.687	8.320.350
	<u><b>446.815.319</b></u>	<u><b>3.417.357</b></u>	<u><b>433.197.344</b></u>	<u><b>131.398.216</b></u>

(\*) Atlas Gıda Pazarlama Sanayi ve Ticaret A.Ş. and Atlantik Gıda Paz. ve Tic. A.Ş. transferred their marketing and trading activities in the traditional channel to Horizon Hızlı Tüketim Ürünleri Paz. Satış ve Tic. A.Ş. within the structure of Yıldız Holding A.Ş. respectively, on March 1,2012 and April 1,2012.

The Group's trade receivables from related parties mainly arise from sales to Horizon Hızlı Tüketim Ürünleri Pazarlama Satış ve Tic. A.Ş. and Pasifik Tük. Ürün. Satış ve Ticaret A.Ş. those make the sale and distribution of products throughout Turkey.

b) The detail of payables to related parties is as follow:

Payables to related parties are due to purchases and approximately matured in 2 months.

	<u>2013</u>	<u>2012</u>
Trade payables	273.321.957	247.377.711
Non-trade payables	86.857	253.281
	<u><b>273.408.814</b></u>	<u><b>247.630.992</b></u>

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**32. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (cont'd)**

The detail of trade and non-trade payables is as follows:

	2013		2012	
	Trade	Non-Trade	Trade	Non-Trade
<b>Principle Shareholders</b>				
Yıldız Holding A.Ş.	9.796.437	-	3.933.850	-
<b>Other Companies Controlled by the Principle Shareholders</b>				
Önem Gıda San. ve Tic. A.Ş.	166.622.151	-	157.649.340	-
Besler Gıda ve Kimya San. Tic. A.Ş.	51.189.561	-	59.013.476	-
Marsa Yağ San. ve Tic. A.Ş.	18.007.874	-	848.768	-
Ak Gıda San. ve Tic. A.Ş.	7.138.768	-	4.590.798	-
Northstar Innovation A.Ş.	4.645.202	-	2.481.546	-
PNS Pendik Nişasta San. A.Ş.	2.722.927	-	2.636.117	-
Other	13.199.037	86.857	16.223.816	253.281
	<b>273.321.957</b>	<b>86.857</b>	<b>247.377.711</b>	<b>253.281</b>

Other than those described above, as of 31 December 2013 the Group has TL 3.469 financial leasing payable to Fon Finansal Kiralama A.Ş (2012: 736.602 TL).

c) The detail of purchases from and sales to related parties is as follows:

	2013		2012	
	Purchases	Sales	Purchases	Sales
<b>Other Companies Controlled by the Principle Shareholders</b>				
Önem Gıda San. ve Tic. A.Ş.	734.588.256	501.569	590.132.596	4.705.144
Besler Gıda ve Kimya San. ve Tic. A.Ş.	176.732.028	-	213.683.840	41.810
Marsa Yağ San. ve Tic. A.Ş.	55.417.406	-	2.461.218	-
Ak Gıda San. ve Tic. A.Ş.	38.593.469	59.764	33.821.619	53.873
Pendik Nişasta San. A.Ş.	19.963.502	-	14.282.743	-
CCC Gıda San. ve Tic. A.Ş.	14.585.155	430.023	9.291.125	-
Örgen Gıda San. ve Tic. A.Ş.	6.243.090	330	6.975.058	-
Hero Gıda San. Tic. A.Ş.	-	35.330.569	146.426	27.380.290
Teközel Gıda Tem. Sağ. Mark. Hizm. A.Ş.	-	156.078.808	3.466	127.460.679
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	542.515.493	-	450.332.586
Eksper Gıda Paz. San. ve Tic. A.Ş.	-	30.644.680	-	22.768.146
Hüner Pazarlama San. ve Tic. A.Ş.	-	-	-	19.648.258
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş. (*)	-	1.194.744.992	66.053	914.157.476
Other	45.573.662	25.957.602	66.508.514	16.583.383
	<b>1.091.696.568</b>	<b>1.986.263.830</b>	<b>937.372.658</b>	<b>1.583.131.645</b>

(\*) Atlas Gıda Pazarlama Sanayi ve Ticaret A.Ş. and Atlantik Gıda Paz. ve Tic. A.Ş. transferred their marketing and trading activities in the traditional channel to Horizon Hızlı Tüketim Ürünleri Paz. Satış ve Tic. A.Ş. within the structure of Yıldız Holding A.Ş. respectively, on March 1,2012 and April 1,2012.

The Group mainly acquires raw materials from Besler Gıda ve Kimya Sanayi ve Ticaret A.Ş., which produces vegetable oil and margarine, Önem Gıda San. ve Tic. A.Ş., Pendik Nişasta San. A.Ş and Ak Gıda Sanayi ve Tic. A.Ş. The Group sells its products mainly to two companies which conduct sales and distribution operations of the Group. These firms are Horizon Hızlı Tüketim Ürünleri Pazarlama Satış ve Tic. A.Ş and Pasifik Tük. Ürün. Satış Ve Ticaret A.Ş..

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**32. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (cont'd)**

The detail of income and expenses pertaining to interest, rent and services arising from transactions with related parties is as follows: For the twelve month period ended on 31 December 2013;

	<b>Rent Income</b>	<b>Rent Expenses</b>	<b>Service Income</b>	<b>Service Expenses</b>	<b>Interest Income and Foreign exchange gains</b>	<b>Interest Income and Foreign exchange losses</b>
<i>Principle Shareholders</i>						
Yıldız Holding A.Ş.	120.722	(14.419)	2.497.606	(102.991.122)	220.588.848	(2.629.638)
<i>Other Companies</i>						
Hero Gıda Sanayi ve Tic.A.Ş.	1.800	-	2.045.559	(365.814)	-	-
Hüner Pazarlama San. ve Tic. A.Ş.	576.878	(255)	415.245	(9.143)	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş. (*)	52.722	(81.376)	945.072	(540.342)	-	-
Önem Gıda San. ve Tic. A.Ş.	870.852	(5.000)	4.632.411	(111.887)	4.189	(613.967)
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	(5.238)	23.324	(1.615.407)	-	-
Marsa Yağ San. ve Tic. A.Ş.	3.730	-	851	(1.594)	-	-
Northstar Innovation A.Ş.	100.788	-	48.361	(12.435.899)	-	-
Seher Gıda Paz. San. Tic. A.Ş.	355.246	-	19.083	(16.328)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	-	(932.266)	-	(378.852)	-	-
Natura Gıda San. ve Tic. A.Ş.	366.756	-	429.118	(419.417)	84.409	-
Other	154.722	(4.022)	1.066.617	(5.170.217)	12.674.833	(114.044)
	<b>2.604.216</b>	<b>(1.042.576)</b>	<b>12.123.247</b>	<b>(124.056.022)</b>	<b>233.352.279</b>	<b>(3.357.649)</b>

For the twelve month period ended on 31 December 2012;

	<b>Rent Income</b>	<b>Rent Expenses</b>	<b>Service Income</b>	<b>Service Expenses</b>	<b>Interest Income and Foreign exchange gains</b>	<b>Interest Income and Foreign exchange losses</b>
<i>Principle Shareholders</i>						
Yıldız Holding A.Ş.	57.820	(5.066)	1.488.100	(85.737.633)	54.627.598	(29.529.269)
<i>Other Companies</i>						
Hero Gıda Sanayi ve Tic.A.Ş.	-	-	2.701.949	(316.558)	-	-
Hüner Pazarlama San. ve Tic. A.Ş.	145.311	-	587.956	(85.293)	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	46.384	(838.779)	2.143.289	(4.629.612)	-	-
Önem Gıda San. ve Tic. A.Ş.	224.746	(5.962)	3.621.773	(220.942)	2.834.451	(4.656.538)
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	(4.475)	3.499.825	(1.300.221)	-	-
SCA Yıldız Kağıt ve Kişisel Bakım Ür. A.Ş.	-	-	5.440.622	-	-	-
Northstar Innovation A.Ş.	1.456	-	5.825	(4.578.707)	-	-
Seher Gıda Paz. San. Tic. A.Ş.	629,202	(119,331)	37.778	(45.135)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	-	(1.068.953)	-	(414.024)	-	-
Natura Gıda San. ve Tic. A.Ş.	350.712	-	348.287	(1.900.115)	-	-
Other	224.700	(132.590)	4.031.026	(7.019.430)	2.808.782	(565.905)
	<b>1.405.840</b>	<b>(2.055.825)</b>	<b>23.906.430</b>	<b>(106.247.670)</b>	<b>60.270.831</b>	<b>(34.751.712)</b>

(\*)Atlas Gıda Pazarlama Sanayi ve Ticaret A.Ş. and Atlantik Gıda Paz. ve Tic. A.Ş. transferred their marketing and trading activities in the traditional channel to Horizon Hızlı Tüketim Ürünleri Pazarlama Satış ve Tic. A.Ş. within the structure of Yıldız Holding A.Ş. respectively, on March 1, 2012 and July 1, 2012.

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**32. BALANCE AND TRANSACTIONS WITH RELATED PARTY (cont'd)**

Benefits provided to members of BOD and key management personnel:

	<u>2013</u>	<u>2012</u>
Fees and other short term benefits	16.541.995	15.160.264
	<b><u>16.541.995</u></b>	<b><u>15.160.264</u></b>

**33. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS**

Additional Information on Financial Instruments

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 7, cash and cash equivalents disclosed in Note 5 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 22.

The management of the Group considers the cost of capital and the risks associated with each class of capital. The management of the Group aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Group controls its capital with the liability / total capital ratio. Net liability is divided by total capital in this ratio. Cash and cash equivalents are subtracted from total loans to calculate the net liability. The shareholder's equity is added to net liabilities to calculate the total capital.

Net liability / Total capital ratio as of 31 December 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Total financial liabilities	1.259.584.390	1.500.952.673
Negative: Cash & cash equivalent	(1.164.383.158)	(1.267.728.071)
Net liabilities	95.201.232	233.224.602
Total shareholders' equity	1.129.829.508	957.451.288
Total capital	1.225.030.740	1.190.675.890
Net liabilities/Total Capital Ratio	%8	%20

b) Financial Risk Factors

The risks of the Group, resulted from operations, include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Group.

Risk management is implemented by finance department according to the policies approved by Board of Directors. The Group's finance department provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. The written procedures are formed by Board of Directors to manage the foreign currency risk, interest risk, credit risk, use of derivative and non-derivative financial instruments and the assessment of excess liquidity.

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**33. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**

(b) -1 Credit Risk Management

Credit Risk of Financial Instruments	Receivables				Deposit in Bank
	Trade Receivables		Other Receivables		
2013	Related Party	Third Party	Related Party	Third Party	
Maximum net credit risk as of balance sheet date (*)	446.815.319	201.954.749	3.417.357	17.022.031	1.163.802.077
- The part of maximum risk under guarantee with collateral etc (**)	-	108.951.703	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	446.815.319	201.454.052	3.417.357	17.022.031	1.163.802.077
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	451.438	-	-	-
- The part under guarantee with collateral etc	-	451.438	-	-	-
D. Net book value of impaired assets	-	49.259	-	-	-
- Past due (gross carrying amount)	-	6.271.394	-	-	-
- Impairment (-)	-	(6.222.135)	-	-	-
- The part of net value under guarantee with collateral etc	-	49.259	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

(\*) Items that increase the credit reliability, such as; letter of guarantees received, are not taken into account in the calculation.

(\*\*) Guarantees include letter of guarantees, guarantee notes and mortgages.

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**33. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**

(b) -1 Credit Risk Management (cont'd)

Credit Risk of Financial Instruments	Receivables				Deposit in Bank
	Trade Receivables		Other Receivables		
2012	Related Party	Third Party	Related Party	Third Party	
Maximum net credit risk as of balance sheet date (*)	433.197.344	163.955.235	131.398.216	8.588.753	1.266.887.080
- The part of maximum risk under guarantee with collateral etc. (**)	-	118.117.379	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	433.197.344	162.779.868	131.398.216	8.588.753	1.266.887.080
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	801.635	-	-	-
- The part under guarantee with collateral etc.	-	801.635	-	-	-
D. Net book value of impaired assets	-	373.732	-	-	-
- Past due (gross carrying amount)	-	6.868.544	-	-	-
- Impairment (-)	-	(6.494.812)	-	-	-
- The part of net value under guarantee with collateral etc	-	373.732	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

(\*) Items that increase the credit reliability, such as; letter of guarantees received, are not taken into account in the calculation.

(\*\*) Guarantees include letter of guarantees, guarantee notes and mortgages.

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**33. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**

(b) -1 Credit Risk Management (cont'd)

Aging of the past due receivables are as follows:

	<u>Receivables</u>		<u>Total</u>
	<u>Trade</u> <u>Receivables</u>	<u>Other</u> <u>Receivables</u>	
<b>2013</b>			
Past due 1-30 days	273.398	-	273.398
Past due 1-3 months	178.040	-	178.040
Past due 3-12 months	-	-	-
Past due 1-5 years	-	-	-
Past due more than 5 years	-	-	-
Total past due receivables	<b>451.438</b>	-	<b>451.438</b>
The part under guarantee with collateral	<b>451.438</b>	-	<b>451.438</b>

	<u>Receivables</u>		<u>Total</u>
	<u>Trade</u> <u>Receivables</u>	<u>Other</u> <u>Receivables</u>	
<b>2012</b>			
Past due 1-30 days	54.171	-	54.171
Past due 1-3 months	-	-	-
Past due 3-12 months	22.205	-	22.205
Past due 1-5 years	725.259	-	725.259
Past due more than 5 years	-	-	-
Total past due receivables	<b>801.635</b>	-	<b>801.635</b>
The part under guarantee with collateral	<b>801.635</b>	-	<b>801.635</b>

Collaterals held for the trade receivables that are past due but not impaired as of balance sheet date are as follows:

	<u>2013</u>	<u>2012</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Guarantees Received	-	750.000
Collaterals	451.438	51.635
	<b>451.438</b>	<b>801.635</b>

Collaterals held for the trade receivables that are past due and impaired as of balance sheet date are as follows:

	<u>2013</u>	<u>2012</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Guarantees Received	49.259	373.732

When one part of the financial instrument does not fulfill its obligations, that results in a financial loss risk to the Group and that risk is defined as credit risk. Group's credit risk is basically related to its trade receivables. The balance shown in the balance sheet is the net amount that is obtained when doubtful receivables are written off according to the Group management's previous experiences and current economic conditions. Group's non-trade receivables from related parties are mostly due to Yıldız Holding.

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**33. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**

(b) -2 Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The funding risk of the current and prospective debt demands is managed by maintaining the availability of lenders with high quality and in sufficient number.

Liquidity risk charts

The following table presents the maturity of Group's non-derivative financial liabilities. The table includes both interest and principal cash flows.

<u>Contractual maturity analysis</u> <u>2013</u>	<u>Carrying value</u>	<u>Total cash outflow according to contract</u> <u>( I+II+ III )</u>	<u>Less than 3 months (I)</u>	<u>3-12 months (II)</u>	<u>1-5 years (III)</u>
<b>Non-derivative financial liabilities</b>					
Bank borrowing	1.254.265.112	1.283.805.043	254.781.942	1.019.141.924	9.881.177
Financial lease liabilities	5.319.278	5.445.900	5.372.898	3.415	69.587
Trade payables	508.464.394	511.693.887	444.474.845	67.219.042	-
Other payables	431.797	514.535	418.439	96.096	-
<b>Total liabilities</b>	<b>1.768.480.581</b>	<b>1.801.459.365</b>	<b>705.048.124</b>	<b>1.086.460.477</b>	<b>9.950.764</b>

The expected maturities are same as the maturities per contracts.

<u>Contractual maturity analysis</u> <u>2012</u>	<u>Carrying value</u>	<u>Total cash outflow according to contract</u> <u>( I+II+ III )</u>	<u>Less than 3 months (I)</u>	<u>3-12 months (II)</u>	<u>1-5 years (III)</u>
<b>Non-derivative financial liabilities</b>					
Bank borrowing	1.488.617.403	1.536.111.361	218.195.652	415.343.489	902.572.220
Financial lease liabilities	12.335.270	12.874.103	2.687.781	5.803.540	4.382.782
Trade payables	471.149.552	475.681.523	403.695.468	71.986.055	-
Other payables	5.058.495	6.059.478	1.060.252	4.999.226	-
<b>Total liabilities</b>	<b>1.977.160.720</b>	<b>2.030.726.465</b>	<b>625.639.153</b>	<b>498.132.310</b>	<b>906.955.002</b>

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**33. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**

(b) -2 Liquidity risk management (cont'd)

The expected maturities are same as the maturities per contracts.

<u>Contractual maturity analysis</u> <u>2012</u>	<u>Carrying</u> <u>value</u>	<u>Total cash</u> <u>outflow</u> <u>according to</u> <u>contract (</u> <u>I+II+III)</u>	<u>Less than 3</u> <u>months (I)</u>	<u>3-12</u> <u>months (II)</u>	<u>1-5 years</u> <u>(III)</u>
<b>Derivative financial liabilities</b>					
Other financial liabilities	409.549	409.549	409.549	-	-
Total liabilities	<b>409.549</b>	<b>409.549</b>	<b>409.549</b>	-	-

(b) -3 Market risk management

The Group is subject to financial risks related with the foreign exchange currency rates ((b) -3.1) and interest rates ((b) -3.2).

Market risk management is also measured based on sensitivity analysis.

In the current year, the Group's market risk management method or its market risk exposure have not changed when compared to prior year.

(b) -3.1 Foreign currency risk management

Transactions in foreign currencies expose the Group to foreign currency risk.

This risk mainly arises from fluctuation of foreign currency used in conversion of foreign assets and liabilities into Turkish Lira. Foreign currency risk arises as a result of trading transactions in the future and the difference between the assets and liabilities recognized. In this regard, the Group manages this risk with a method of netting foreign currency denominated assets and liabilities. The management reviews the foreign currency open position and provides measures when needed.

The Group is mainly exposed to foreign currency risk in USD, EUR, GBP, CHF and DKK.

The foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

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**33. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**

(b) -3.1 Foreign currency risk management (cont'd)

	<b>2013</b>					
	<b>TL Equivalents (Functional Currency)</b>	<b>USD</b>	<b>EUR</b>	<b>CHF</b>	<b>GBP</b>	<b>DKK</b>
1. Trade Receivables	153.318.398	58.327.991	9.328.182	-	409.170	-
2a. Monetary Financial Assets	1.018.500.873	324.964.420	110.617.650	6.289	23.450	8.167
2b. Non-Monetary Financial Assets	610.376	285.984	-	-	-	-
3. Other	2.436.185	757.657	277.050	-	-	14.147
<b>4. CURRENT ASSETS</b>	<b>1.174.865.832</b>	<b>384.336.052</b>	<b>120.222.882</b>	<b>6.289</b>	<b>432.620</b>	<b>22.314</b>
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	25.398	11.900	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	5.358.025	-	1.814.527	-	8.448	-
<b>8. NON-CURRENT ASSETS</b>	<b>5.383.423</b>	<b>11.900</b>	<b>1.814.527</b>	<b>-</b>	<b>8.448</b>	<b>-</b>
<b>9. TOTAL ASSETS</b>	<b>1.180.249.255</b>	<b>384.347.952</b>	<b>122.037.409</b>	<b>6.289</b>	<b>441.068</b>	<b>22.314</b>
10. Trade Payables	30.731.446	12.063.339	1.652.674	6.543	33.020	-
11. Financial Liabilities	1.245.362.925	367.526.290	156.973.119	-	-	-
12a. Other Monetary Financial Liabilities	522.895	-	171.939	7.530	-	-
12b. Other Non-monetary Financial Liabilities	7.574.597	3.187.260	261.131	-	1.485	-
<b>13. CURRENT LIABILITIES</b>	<b>1.284.191.863</b>	<b>382.776.889</b>	<b>159.058.863</b>	<b>14.073</b>	<b>34.505</b>	<b>-</b>
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	9.851.176	-	3.354.734	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-	-
16b. Other Non-monetary Financial	-	-	-	-	-	-
<b>17. OTHER NON-CURRENT</b>	<b>9.851.176</b>	<b>-</b>	<b>3.354.734</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. TOTAL LIABILITIES</b>	<b>1.294.043.039</b>	<b>382.776.889</b>	<b>162.413.597</b>	<b>14.073</b>	<b>34.505</b>	<b>-</b>
19. Net foreign currency liability position	(113.793.784)	1.571.063	(40.376.188)	(7.784)	406.563	22.314
20. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14- 15-16a)	<b>(114.623.773)</b>	<b>3.714.682</b>	<b>(42.206.634)</b>	<b>(7.784)</b>	<b>399.600</b>	<b>8.167</b>

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**33. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**

(b) -3.1 Foreign currency risk management (cont'd)

	2012					
	TL Equivalents (Functional Currency)	USD	EUR	CHF	GBP	DKK
1. Trade Receivables	79.422.283	31.717.906	9.435.421	-	241.279	-
2a. Monetary Financial Assets	1.267.283.958	519.425.765	145.118.437	15.754	16.626	7.047
2b. Non-Monetary Financial Assets	530.463	297.578	-	-	-	-
3. Other	4.684.173	876.786	1.323.020	-	3.437	-
<b>4. CURRENT ASSETS</b>	<b>1.351.920.877</b>	<b>552.318.035</b>	<b>155.876.878</b>	<b>15.754</b>	<b>261.342</b>	<b>7.047</b>
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	236.908	132.900	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	3.575.021	15.000	1.465.983	-	35.088	-
<b>8. NON-CURRENT ASSETS</b>	<b>3.811.929</b>	<b>147.900</b>	<b>1.465.983</b>	<b>-</b>	<b>35.088</b>	<b>-</b>
<b>9. TOTAL ASSETS</b>	<b>1.355.732.806</b>	<b>552.465.935</b>	<b>157.342.861</b>	<b>15.754</b>	<b>296.430</b>	<b>7.047</b>
10. Trade Payables	13.212.287	4.308.356	2.173.391	11.911	61.783	699.721
11. Financial Liabilities	612.203.994	329.680.604	10.424.523	-	-	-
12a. Other Monetary Financial Liabilities	9.135.509	5.041.034	62.494	1.233	-	-
12b. Other Non-monetary Financial Liabilities	5.291.185	2.837.861	96.591	-	1.833	-
<b>13. CURRENT LIABILITIES</b>	<b>639.842.975</b>	<b>341.867.855</b>	<b>12.756.999</b>	<b>13.144</b>	<b>63.616</b>	<b>699.721</b>
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	886.525.280	286.564.023	159.755.178	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-	-
<b>17. OTHER NON-CURRENT</b>	<b>886.525.280</b>	<b>286.564.023</b>	<b>159.755.178</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. TOTAL LIABILITIES</b>	<b>1.526.368.255</b>	<b>628.431.878</b>	<b>172.512.177</b>	<b>13.144</b>	<b>63.616</b>	<b>699.721</b>
19. Net foreign currency liability position	(170.635.452)	(75.965.943)	(15.169.316)	2.610	232.814	(692.674)
20. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a- 14-15-16a)	<b>(174.133.921)</b>	<b>(74.317.446)</b>	<b>(17.861.728)</b>	<b>2.610</b>	<b>196.122</b>	<b>(692.674)</b>

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**33. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**

(b) -3.1 Foreign currency risk management (cont'd)

The Group's import and export totals for the year ended 2013 and 2012 are presented below:

	<u>2013</u>	<u>2012</u>
Total exports	557.937.303	461.642.086
Total imports	72.422.195	40.111.885

Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising primarily from USD and EUR .In the table below, the foreign currency sensitivity of the Company arising from 10% change in US dollar and EUR rates. 10% is the rate used when reporting to senior management of the Company. This rate is the anticipated rate change of the Company's senior management. Sensitivity analysis includes only the monetary items in foreign currency at year end and shows the effect of 10% increase in USD and in EUR foreign currency rates. Negative value implies the effect of 10% increase in USD and in EUR foreign currency rates against TL on the decrease in the net profit.

	<u>2013</u>		<u>2012</u>	
	Income / Expense		Income / Expense	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
If US Dollar appreciated against TL by 10%				
1 - US Dollar net asset / liabilities	792.825	(792.825)	(13.247.828)	13.247.828
2- Part of hedged from US Dollar risk (-)				
<b>3- US Dollar net effect (1 +2)</b>	<b>792.825</b>	<b>(792.825)</b>	<b>(13.247.828)</b>	<b>13.247.828</b>
If Euro appreciated against TL by 10%				
4 - Euro net asset / liability	(12.393.978)	12.393.978	(4.200.543)	4.200.543
5 – Part of hedged from Euro risk (-)				
<b>6- Euro net effect (4+5)</b>	<b>(12.393.978)</b>	<b>12.393.978</b>	<b>(4.200.543)</b>	<b>4.200.543</b>
<b>Total(3 + 6 )</b>	<b>(11.601.153)</b>	<b>11.601.153</b>	<b>(17.448.371)</b>	<b>17.448.371</b>

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**33. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**

(b) -3.2 Interest risk management

Financial liabilities based on fixed and floating interest rates expose the Company to interest rate risk. The related risk is controlled by interest rate swap agreements and floating interest rate agreements by balancing the fixed and floating interest rate borrowings. Risk strategies are reviewed periodically considering the interest rate expectations and predetermined interest risks; which aims to establish optimum interest risk management regarding the balance sheet position and the interest expenses.

Interest rate sensitivity

Sensitivity analysis is determined based on the interest rate risk that the non-derivative instruments exposed to on the balance sheet date and is kept fixed during the reporting period. The Company management expects a fluctuation of 1% in Euribor interest rates. 1% increase or decrease is used in reporting the interest rate risk to the key management personnel and represents management's assessment of the reasonably possible change in interest rates.

On the reporting date if Euribor/Libor interest rates had been 1% higher/lower and all other variables were held constant:

Net income of the Group would have been decreased by TL 8.144.179 (Net profit in 2012 would have been decreased by TL 8.055.402). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings. In case of 1% decrease in Euribor interest rate, the net profit of the company for the current period would have increased with the same rate.

The financial instruments that are sensitive to interest rate are as follows:

**Interest Position Table**

		<u>2013</u>	<u>2012</u>
<b>Fixed interest rate financial instruments</b>			
Financial Assets	Cash and Cash Equivalents	1.154.745.091	1.252.969.855
	Other Receivables	17.022.031	8.588.753
Financial Liabilities	Borrowings	436.516.669	551.932.260
	Financial lease payables	5.319.278	12.335.270
	Other Payables	344.940	4.805.214
<b>Floating interest rate financial instruments</b>			
Financial Assets	Non-trade receivables from related parties	3.417.357	131.398.216
Financial Liabilities	Borrowings	817.748.443	936.685.143
	Non-trade payables to related parties	86.857	253.281

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**33. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**

(b) -3.3 Price risk

The Group is exposed to price risk due to the fluctuations in exchange rate and interest rate. The investigation on market information is examined and followed through appropriate valuation method regarding price risk by the Group. In current year, there have not been any changes compared to prior year in the market risk that the Group is exposed to or the administration or calculation methods of these risks.

(b) -3.4 Equity investments price sensitivity

The sensitivity analysis presented below has been prepared based on the equity investments price risks exposed.

As of reporting date, assuming that all other variables are held constant and when the values used in the valuation method increase/decrease by 10%:

As of 31 December 2013, as long as the equity investment are classified as available for sale and not disposed of or they are not impaired the net profit/loss will not be affected.

The other funds in the shareholders' equity will increase/decrease by TL 2.582.595 (2012: increase/decrease of TL 2.614.054). This situation is the result of the changes in the fair value of available for sale securities.

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**34. FINANCIAL INSTRUMENTS**

**Classifications and fair values of financial instruments**

2013	Financial assets presented at amortized cost	Credits and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Carrying value	Notes
<u>Financial Assets</u>						
Cash and cash equivalents	1.164.383.158	-	-	-	1.164.383.158	5
Trade receivables	-	201.954.749	-	-	201.954.749	9
Due from related parties	-	450.232.676	-	-	450.232.676	32
Financial investments	-	-	465.272.715	-	465.272.715	6
<u>Financial Liabilities</u>						
Financial liabilities	-	-	-	1.259.584.390	1.259.584.390	7
Trade payables	-	-	-	235.142.437	235.142.437	9
Payable to related parties	-	-	-	273.408.814	273.408.814	32
2012	Financial assets presented at amortized cost	Credits and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Carrying value	Notes
<u>Financial Assets</u>						
Cash and cash equivalents	1.267.728.071	-	-	-	1.267.728.071	5
Trade receivables	-	163.955.235	-	-	163.955.235	9
Due from related parties	-	564.595.560	-	-	564.595.560	32
Financial investments	-	-	329.307.924	-	329.307.924	6
<u>Financial Liabilities</u>						
Financial liabilities	-	-	-	1.500.952.673	1.500.952.673	7
Trade payables	-	-	-	223.771.841	223.771.841	9
Payable to related parties	-	-	-	247.630.992	247.630.992	32
Other financial liabilities	-	-	-	409.549	409.549	8

(\*) The management of Groups considers that the carrying values of the financial assets reflect their fair values.

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**34. FINANCIAL INSTRUMENTS (cont'd)**

Derivative Financial Instruments

The Group entered into interest rate swap agreement to control part of its borrowings by replacing floating interest rate into fixed interest rate swaps. Floating interest rate of the loan is hedged by the result of the change in six month Libor interest. The notional value of the swap contract is USD 93.000.000. As of December 31, 2013, the Group has no contract related to interest rate. (2012:TL 409.549).

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- First level: The fair value of financial assets and financial liabilities are determined with reference to actively traded market prices.
- Second level: Other than market prices specified at first level, the fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine directly or indirectly observable price in market.
- Third level: The fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine fair value but not relying on observable data in the market.

Level classifications of financial assets at fair value are as follows:

	2013	Level of fair value as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets for which fair value differences reflected through profit and loss				
- Held for trading	611.476	611.476	-	-
	-	-	-	-
Financial assets for which fair value differences reflected through comprehensive income statement				
- Shares	464.418.845	25.825.951	-	438.592.894
<b>Total</b>	<b>465.030.321</b>	<b>26.437.427</b>	<b>-</b>	<b>438.592.894</b>

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**34. FINANCIAL INSTRUMENTS (cont'd)**

Fair value of financial instruments (cont'd)

	2012	Level of fair value as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
<u>Financial assets</u>				
Financial assets for which fair value differences reflected through profit and loss through				
- Held for trading	2.963.016	531.435	2.431.581	-
Financial assets for which fair value differences reflected through comprehensive income statement				
- Shares	325.965.176	26.140.536	-	299.824.640
<b>Total</b>	<b><u>328.928.192</u></b>	<b><u>26.671.971</u></b>	<b><u>2.431.581</u></b>	<b><u>299.824.640</u></b>
<u>Financial liabilities</u>				
Other financial liabilities	(409.549)	-	(409.549)	-
	<b><u>(409.549)</u></b>	<b><u>-</u></b>	<b><u>(409.549)</u></b>	<b><u>-</u></b>

Reconciliations of level 3 financial assets and liabilities as are follows:

	<u>2013</u>	<u>2012</u>
Opening balance	299.824.640	255.906.906
Total gain / loss		
- Classified under the comprehensive income	138.768.254	43.917.734
Closing balance	<b><u>438.592.894</u></b>	<b><u>299.824.640</u></b>

**35. EVENTS AFTER THE BALANCE SHEET DATE**

None.